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# Near East/South Asia Report

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### NEAR EAST/SOUTH ASIA REPORT

No. 2721

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#### U.S. 'NEW INITIATIVE' CRITICIZED

PM021629 Algiers AL-SHA'B in Arabic 24 Feb 83 p 5

[Editorial by Huhammad 'Ali Khawazim: "Invariable Lines in the U.S. Policy"]

[Text] U.S. President Ronald Reagan has introduced what he considers to be a new initiative on the Middle East to complement the plan he announced last summer as his concept of "peace" in this sensitive part of the world. The latest Reagan initiative includes three main points:

- 1. It expresses U.S. willingness to take all necessary measures to secure "Israel's northern borders" after the withdrawal from Lebanon. This, of course, would have to be within the framework laid down by Washington for the withdrawal and at a price to be paid by the Lebanese side.
- 2. It urges the Arab states to recognize what he [President Reagan] calls Israel's right to exist.
- 3. It urges the Arab world to supprt the efforts aimed at giving King Husayn a mandate to negotiate with the Americans and the Israelis to determine the fate of the West Bank.

This new initiative with its three elements is, like all other previous U.S. initiatives, a clear expression of the U.S. alignment with zionist aggression against Palestinian, Lebanese and Arab rights.

Reagan speaks of guarantees for what he calls Israel's northern borders but he gives no such guarantees to the Lebanese state for the protection of its southern borders which are continuously violated by Israel which now occupies more than half of Lebanon.

Since Israel is a state without borders, because it has not defined its borders and has left the door open for further expansion, the U.S. guarantees of which Reagan spoke meet the future requirements pertaining to Israel's open borders.

Who is threatening whom? Is Israel threatening Lebanon or vice versa?

Nobody can claim that an occupied and fragmented Lebanon constitutes a threat to Israel's security but, according to the United States' openly pro-Israel logic, Israel, the aggressor which occupies Lebanese territory, needs the U.S. to guarantee its northern borders. Furthermore, Reagan wants Arab guarantees for Israel. This is what his appeal to the Arab states to recognize Israel's so-called right to exist means.

In the logic of the flagrant U.S. alignment with Israel and denial of the Palestinian people's right to determine their own fate and set up their own state, Reagan wants us to recognize Israel's right to exist at the expense of the Palestinian people's right to exist and their inalienable right to their homeland.

The U.S. denial of the Palestinian people's rights makes us understand why the Americans are asking the Arabs and the Palestinians to recognize Israel's right to exist without asking Israel to recognize the right of the Palestinians to exist.

To precipitate his denial of the Palestinian people's legitimate rights, Reagan continues to ignore the PLO as the sole and legitimate representative of the Palestinian people and continues to disregard all the Arab summit resolutions as well as the Arab peace initiative. What is more, Reagan is actually asking the Arab world to renounce the PLO and exclude it from the equation of this conflict which is basically a conflict over the Palestinian question as the core of the whole matter. He is urging the Arab world to authorize King Husayn to negotiate the future of Palestinian territory instead of the PLO which the Palestinians, the Arabs and the world recognize as the sole legitimate representative of the Palestinian people.

It is thus clear to us that the U.S. alignment with, and military and political support for, Israeli aggression as well as its denial of the Palestinian people's inalienable rights, especially their right to their own independent state, are all invariable features of the U.S. policy in the Middle East.

cso: 4500/111

ALGIERS UNIVERSITY'S PROBLEMS, ACCOMPLISHMENTS VIEWED

Algiers AL-MUJAHID in Arabic No 1171, 14 Jan 83 pp 40-41

[Interview with Dr Slimane Cheikh, president of Algiers University, by Younes Ben Ammar: "With President of Algiers University: Algiers University; Aspirations and Difficulties"]

[Text] Algiers University plays a fundamental and vital role in the Algerian society's development and progress. It is the living and constant source of the local cadres which strengthen our development plans. With the capability of its men in the spheres of scientific, social and literary research and studies, we can achieve self-sufficiency. We aspire to establish an Algerian university whose interests and concerns are not separated from the interests and concerns of the Algerian society.

Within this framework, we have conducted the following interview with Dr Slimane Cheikh, the president of Algiers University.

[Question] It is well known that Algiers University attracts the largest number of students for numerous reasons. This requires numerous preparations in terms of seats, professors, books and other resources. In all these respects, how has the current academic year been?

[Answer] It is true that Algiers University attracts the largest number of students. This is due not only to its geographic location and its presence in the capital but also to its being the mother university and the oldest university in the country, even in all of Africa. This is in addition to its educational status and its reputation worldwide.

Our university which, since the foundation of the Houari Boumedienne University for Science and Technology in 1975, has included students of the social sciences, in the broad sense of the term, and of medical sciences, including medicine, pharmacology and dentistry, still attracts the largest number of students. The number of students enrolled this year has amounted to nearly 28,000 students and the growth rate in some specializations has exceeded 200 and even 300 percent.

In July 1981, we registered 1,815 students whereas the number registered in July 1982 amounted to 3,829 students.

This number includes, for example:

A total of 600 law students in July 1981 and 1,256 students in July 1982.

In philosophy, the number was 125 students in July 1981, rising to 304 students in July 1982.

In English, the number was 39 students in July 1981, rising to 230 students in July 1982.

These sudden growth rates defy, of course, all organization and planning and are not likely to make the administrators' job of preparing for the academic season an easy job.

We had expected a growth rate of 15-20 percent in the number of enrolled students, relying on the ordinary growth rate in recent years. We had tried to plan the structures to absorb this increase, including lecture halls and auditoriums, employing more professors and the other necessary human and material means. With the help of the Ministry of Higher Education and Scientific Research, we tried ceaselessly to find more space for expansion. We turned the dormitories into auditoriums and, the offices into laboratories and study halls and we acquired a considerable amount of furniture and academic materials. But all these precautions have almost been futile in the face of the enormous growth [in student numbers] that we have registered this year.

Not only this. At the end of the year, we were surprised by new financial regulations prohibiting us from paying overtime and, consequently, denying us the possibility of assigning some professors to give additional lectures beyond their quota. Moreover, the assignment of financial control to the province has resulted in a considerable delay in the payment of the wages of the university professors and workers. The suspension of these regulations, which was finally decided upon, will undoubtedly restore normalcy and will help us curtail these marginal problems that hamper the normal progress of the university's activities.

[Question] Every year, the talk resurges about the students' social conditions which almost hamper their studies. At the same time, there is the talk about the professors' social conditions, such as the delayed payment of their salaries for months and the failure to secure housing for their families. What is the reason for this and what is the nature of these conditions?

[Answer] This is what is being said regarding both the students and the professors. A professor whose sole concern is to solve his social problems, such as finding a house for his family or waiting for a long-delayed monthly salary, cannot devote his efforts to scientific thought and production.

[Question] It is noticed in our universities that the students are not divided among the branches in an organized and planned manner. What are the reasons for this and have you strengthened the branches with large numbers of students?

[Answer] Regarding the disorganized distribution of students over the various branches of specialization, this is due to our inability to implement the system of channeling university students because of the absence of the legislative provisions empowering us to do so. Students are free to enroll in any branch they wish. This is what has led to the presence of 1,300 students at the Law Institute and 20 students at the Russian language section. Yes, we have been forced to terminate at an early date enrollment in some specializations, such as archeology and English, and to conduct some transfer examinations, as has happened in the case of enrollment in the Political Sciences, Information and Translation Institute and the Economics Institute. But this is due to the limited absorption capacity of these institutes and not to the presence of organized channeling and planning which exist in the majority of the world universities. The reason for this is, as we have already pointed out, the absence of legislative provisions establishing university student channeling and the inability of the students and their guardians to get rid of some intellectual and social customs that make them select specializations which seek to guarantee the [graduate] student a prominent social position or quick profit without any consideration for the country's needs or for what the future scientific development requires.

We are now in the process of strengthening the branches with large numbers of students by providing the professors and the additional halls to absorb the new batches that had not been expected earlier.

[Question] Can you evaluate the Arabization march in the social and human sciences after 3 years of serious efforts? Where has the experiment of Arabizing the French-educated professors reached, what are the obstacles facing it and what are its results after the passage of more than 1 year on the experiment?

[Answer] In our university, Arabization has made so far decisive strides. We started this year Arabizing the third year of the social sciences with all their specializations. We have been able to benefit considerably from the experience of our French-speaking professors who continued last year taking intensive courses in Arabic and who are now able to teach their specializations in Arabic. This constitutes a big gain not only to the Arabized branches but also to the subject matter of the specialization itself.

[Question] The university organization still needs foreign cooperation. Can we know the foreign sides with which cooperation is established in the various specializations?

[Answer] [First part of answer seems to have been dropped] As for Algerianization [al-jazarah], it is the most important aspect to us. Algerianization in the medical sector, as well as in the legal and economic sciences, has reached 100 percent. In these specializations, there is now a group of Algerians with highly advanced expertise who are considered a precious asset for our university in the sphere of exchange with the outside world.

All these people engage in various pedagogical activities inside and outside the country. We are now focusing on Algerianizing certain specializations.

For example, the translation branch, whose graduates have gained a reputation extending beyond our country's borders, will undoubtedly become in a few years, thanks to the reforms we have introduced into it this year, the object of the aspirations of many foreign students.

Our foreign cooperation is currently projected at the qualitative, not quantitative level. The assisting cadres consist entirely of Algerians and we no longer have a need for [foreign] professors with rare specializations or high qualifications.

The parties with which our university cooperates primarily are in the Arab world, such as Syria and Iraq, and in Europe, particularly France. They all cooperate with us in accordance with exchange agreements between the two sides, meaning that there is a give and take.

[Question] There is no doubt that what makes us achieve self-sufficiency at the level of cadres [al-mukawwanin] is the (careful formation of cadres in the post-university phase). What are the conditions of this formation at Algiers University?

[Answer] This orings up the issue of self-sufficiency through the careful formation of cadres within the university.

The establishment of a vice presidency entrusted with higher studies and scientific research is in itself an indication of the interest that the university will devote from now on to this issue. It also demonstrates that our resolution to form the university's higher cadres is one of the focal points of our work program. We are now interested in reviving this sector and in providing the means necessary to develop it, to improve its yield and to link it in particular with the country's development requirements.

In the wake of the endeavor to settle the situation prevailing last year, we are now seeking to inaugurate higher studies in all specializations, to follow up the various studies vigilantly and to require those conducting the studies to complete them on schedule so as to avoid the customary laxity and procrastination in the completion of university research. We are also exerting efforts to lead the new students toward selecting disciplines that serve the specializations which the university needs or which are compatible with the country's development requirements.

[Question] Is there coordination between Algiers University on the one hand and the other Algerian and non-Algerian universities in the spheres of professor exchange, research and experiments?

[Answer] Coordination between Algiers University and the country's other universities has been in existence since last year, thanks to the three regional symposiums held by the university. Those symposiums engaged in two kinds of activities:

Coordination among the three regional universities at the level of symposium chairmen.

Thus, our university helps the universities of Oran, Annaba and Blida in the sphere of medicine by loaning its professors to teach in them or to discuss the theses presented in them. Our university will also (graduate) students in higher economic studies for Satif University. Even though our relationship with the Arab and European countries is an old one, we have great hopes to expand exchange with the African countries as of this year.

[Question] Can we know the role of Algiers University in organizing national and international conferences to serve our society's and our economy's development?

[Answer] Regarding the university's role in organizing national conferences, the university supervised last year organizing an international conference on development, education and society in cooperation with the Rome Research and Documentation Center.

Another international conference will be held on the issue of development in cooperation with the universities of Paris and Lyons.

We also have a plan with the Arab Universities Union to hold a symposium on teaching Arabic at the university.

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ALGERIA

#### INCREASE IN CONSUMER PRICES REVIEWED

Algiers REVOLUTION AFRICAINE in French No 988, 28 Jan-3 Feb 83 pp 12-13

[Article by Y.S.: "Commerce: Truth in Pricing"]

[Text] How could we ignore all the murmurs, whispers, rumors which are almost reaching the forefront of the public scene? Who could remain indifferent when people talk about price increases? The workers' interest and attention for this question are only legitimate. Questions about the purchasing power are a more than normal phenomenon. Indeed, no one has yet managed to live on air.

But it is also possible to be excessive. Demon consumption, you are already grabbing us. Where will you lead us? Prices, prices, prices! From all sides! Prices, prices, prices! Everybody is talking about prices all the time. Everybody is becoming an oracle, a well-established clairvoyant with a crystal ball. Strangely enough, those who go at it the most fiercely are not among the most dispossessed. Quite to the contrary, the reverse is true in most cases. The wolf becomes the defender pleading for the sheep.

But what exactly is this "danger" that threatens us? What are the prices that are expected to rise? When it comes to that, no one knows! The crystal ball becomes opaque. It remains silent. What should we do, then? Our only choice is to sober down and ask public officials, those who are directly involved in shaping the price policy. The answers we received clarify certain points, but could sometimes be more precise. The public interest has focussed on the famous compensatory tax which has fed all too many fears. Without reason, it must be said, since the percentages that were feared so much were already applied since last year. The best proof of that is the previous increase in car and household appliance prices. The purpose of the texts published was to regularize previous taxation. Therefore, it is absolutely wrong to say that car prices will increase by 55 or 65 percent and kitchen range prices by 50 percent. In addition, the amounts already obtained that way will be used to support the prices of products much "closer" to workers. In 1983, regulations will be published before taxation is carried out and, as a result, before prices are raised, if they are raised. A major advantage is that the right to compensate will be transferred from the enterprises to the state. As a result, it will no longer be possible to conceal all the effects of poor management. The decision to compensate a given

A Few Consumer Prices (On 1 January 1983)

Products	Unit	Old Prices	New Prices	Remarks
Grey cement - factory/port price - National Building Mate- rials Company warehouse	ton	250	330	
price	ton	280	380	
Bricks and Tiles				
- 3-hole bricks	1,000	165	285	
- 9-hole bricks	1,000	330	570	
- 12-hole bricks	1,000	1,237.5	2,077	
- tiles (large-scale)	1,000	870	1,482	
Detergents				
- ISIS, 270 g	package	1.50	1.70	
- ISIS, 400 g	package	3.15	3.50	
- Teldj (5 kg)	package	39.50	45.00	
Soaps				
- household soap	piece	1.60	2.00	(500 grams)
- bar soap	box	1.12	2.50	(500 grams)
- ordinary toilet soap	unit	0.90	1.20	
(100 g)	dille	0.50	1.20	
Air Transportation				
- Zone 1 (coast/Laghouat)	SKO	0.284	0.43	
- Zone 2 (Laghouat/El Golea		0.210	0.43	
- Zone 3 (El Golea/South)	SKO	0.210	0.205	
- Zone 3 (El Golea/South)	SKO	0.203	0.203	
Railroad Transportation				Exclusive of
- lst class	VK	0.1356	0.1818	single total
- 2nd class	VK	0.1130	0.1292	production tax
				(6.38 percent) and stamp duty.*
Energy Products	***	222	0.05	
- Premium-grade gasoline	H1	200	225	
- Regular-grade gasoline	H1	175	195	
- Butane gas	Bottle	10	12	

SKO: Seat-Kilometer offered

VK : Passenger-Kilometer

\* The price of monthly worker or student passes remains unchanged.

product will no longer be made by the enterprises. Truth in pricing is also truth in management.

Actually, the government's decisions on prices mark a turning point toward the institution of a national price policy that could carry, support and implement development objectives. How can we think in terms of balanced management, profitability and accumulation when grey cement is imported at a cost price of 387 Algerian dinars per ton and sold at 280 dinars? Rather than being good managers, SNMC [National Building Materials Company] officials should be good magicians. The inflation prevailing on the world market for this product did not stop on 29 July 1978, when Decree 78.172 regulating the price of cement was signed. Without price support and selling below cost, a company is heading straight for a deficit and increased financial charges.

Why is it also that SNMC is still selling bricks and tiles at 1976 prices, when some local economic units sell them for twice these prices? As an example, three-hole bricks were sold for 165 Algerian dinars per 1,000 by SNMC, while the Algiers governorate was selling them for 300 dinars per 1,000. A 179-billion Algerian dinar deficit, such is the net operating result for the year 1980. In view of this, the increase in brick and tile prices is more than timely. It is even a necessity.

Because part of the detergents and tallow required to manufacture household and toilet soaps has to be imported (the accounting price of tallow is 2,000 Algerian dinars per ton, but its actual cost price is 2,935 dinars), the prices of soap also had to be increased. Whether directly or indirectly, the state cannot go on ensuring that the national economic apparatus remains impervious to world inflation.

Because its tariffs date back to 1 April 1979, Air Algeria's domestic network showed a deficit of 96 billion Algerian dinars in 1980. One may wonder whether that tariff was not rather a museum piece. Similarly, SNTF [National Railway Transport Company] had accumulated a total deficit of 903 million Algerian dinars by the end of 1982, because of a marked discrepancy between actual costs and the tariffs applied.

Therefore, the decision to increase the prices of these products was made essentially to balance the financial position of these public enterprises. These price increases are the result of a determination to confront international inflation as well as the archaic structure of our national tariffs.

Let no one worry! Truth in pricing means that the economy is healthy and the citizens' interests protected. One example should be enough. For certain products, truth in pricing is not expected before the year 2000. Already, we can state that truth in pricing is by far not as harsh as it is said to be.

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#### PROBLEM OF ABSENTEEISM EXAMINED

Algiers REVOLUTION AFRICAINE in French No 988, 28 Jan-3 Feb 83 pp 10-11

[Article by R. Sadmi: "Absenteeism: How To Contain the Ill"]

[Text] The control of absenteeism is again the question of the day. A negative phenomenon among the many generated by our way of life and our behavior, it extends in proportion to the feeling of impunity inspired by the lack of sanction against this form of deliquency.

We would have to be blind or thoughtless not to realize how serious this ill has become.

All day long, during hours when each worker and each official should be in the workshop or in the office, work stations are deserted and the streets get crowded.

Coffee shops are jam-packed all day long, lines of car stretch without interruption, the "souks-el-fellah," although there are many of them now, and the SNNGA [National Construction Materials Company] stores are always full. Even on sidewalks in certain districts in the center of the capital, you must elbow your way. Such is our daily life. We are all aware of it and too often have had to deplore it.

A foreigner unaware of this situation would believe that Algeria is full of unemployed people and in the midst of a serious economic crisis. It is obvious that all these crowds of pedestrians and drivers do not consist only of old women, retirement-age people, or members of the professions. They include—that can be verified—an overwhelming majority of salaried employees who, at the end of each month, collect a salary in counterpart for work or services performed. It would be unfair to incriminate only lower-level workers in this economic delinquency. A mere agent, no matter in what sector he is working and no matter what his position is, would never dare abandon his work station without justification or permission unless he was sure of some form of impunity. Technical supervisors are not blameless and controls now being made throughout the country could bring a few surprises in this respect. Anyhow, we can already say that responsibilities are always shared by the absentee and his immediate supervisor. Blaming this antieconomic phenomenon on social causes would amount to justifying it. Some are of the opinion that absenteeism is

due to the shortage or scarcity of some food products. To excuse the culprits, they also say that supervisors do not always give a good example of responsible behavior in managing enterprises, which are on the road to ruin, or of rigor in their management.

But did anyone every die for want of eggs or potatoes? What does that sudden fad for the product or object which happens to be in short supply mean?

#### All Guilty

How could we not attribute to an intention to speculate this constant desire for thermos bottles, batteries and other trifles which disappear from the displays only to be offered again for sale in unofficial distribution networks?

At any rate, whether products are scarce or not, it does not explain or excuse this form of economic delinquency. All the less so as great efforts have been made in the past two years to improve the standard of living. The resolution of the 4th FLN Congress and President Chadli's orientations in this respect have yielded results that, in all good faith, cannot be denied. Imports of household applicances, which were lagging four years behind, have not only caught up but remain ahead to a certain extent, as is witnessed by the availability of refrigerators, kitchen ranges, heating stoves, etc. Scarcity has become the exception. The same is true in the food and health sector. Too often, we are the ones who create scarcity. When hundreds of thousands of people take holidays all the year round, it is bound to have serious repercussions, and they should not expect to find greengrocer's displays and department store shelves well supplied, nor wait for things to fall into their laps. Wealth is the result of work alone. All prosperous countries know that, even though some of them obtain their wealth by misappropriating other people's work. Our country, which is a non-exploitive country on its way to socialism, does not expect others to contribute to its development, just its children through their work. Erring or cheating on productive work are all the more unwelcome as the immediate concerns of the whole country are more than ever focussed on the production battle.

This ill must be uprooted or else it will in the long run dilute all of the state's efforts.

The stagnation of certain East European countries, especially with respect to agricultural and industrial production, should be a warning and a lesson in preventing the plague of absenteeism. Since the beginning of this year, the Soviets have had to use coercive measures to control this endemic ill.

As a socialist country, Algeria surrounds its working sons with a chain of social protections against abuses of power and abusive layoffs, and it gives them job security, which may be one of the causes of these strange behavior patterns.

Most state-owned companies offer their employees cafeterias, cooperatives, and collective transportation, to mention only the benefits that are designed for the convenience of the workers.

The convenient excuse of the unreliability of public transportation means is not really valid for all.

It is true that not everything is working smoothly. Traffic is becoming congested and dangerous; not every worker has yet his own home; sometimes people have to go to several stores before they can complete their purchases.

#### Bureaucracy

It is also true that penpusher mentalities and bureaucratic red-tape, in spite of measures taken to improve them, are still claiming a large part of the family head's or worker's time. Long lines of people queuing at post office, APC [People's Communical Assembly] or governorate office windows have become a common sight. There have been cases of window attendants rebuffing citizens that were asking for some information or had not fully or correctly completed a form. We witnessed the closing of an APC office by an employee who became annoyed when eight visitors simultaneously burst into his domain.

The mere purchase of a postage stamp can make you bitter for a whole day when you are treated in an offhand manner by an employee who thinks it funny to ignore you and goes on discussing yesterday's or tomorrow's game with a colleague at the other end of the row of windows.

Can we draw a line between these unproductive employees who do show up and those who find themselves on the other side of the windows or store displays during hours when they are supposed to be at work? Administrative impositions should not be exaggerated. We do not have to submit a family form or pay our electricity or our rent every day. As for housing applications, the certainty to fail in the end has discouraged the former assiduity in going through the procedure.

Besides, it is well known that all sectors are extremely tolerant of justified absences.

Those of our compatriots who have worked in Europe know that, in our country, worshops and offices are not prisons like the assembly lines of European factories from which, at the end of the day, workers emerge groggy from keeping up with production rates.

We should be pleased with, and protect our system which considers the worker as a responsible person and lets him share in the fruit of his work.

The democratic provisions of that system, under which the supervisor is a friend rather than a policeman, may lead to abuses and shortcomings.

It is uncomfortable to appear to give lectures or applaud authoritarian measures. The political leadership decided to apply such measures only because it was forced to do so by the extent assumed by parasitism, which detracts from the efforts and the labors of thousands of honest workers.

Who wants to see a policeman take over the job of workshop or office manager? And we would have gladly spared ourselves the trouble and the sight of identity verifications if we had all shown a little more integrity in doing our work and a little more self-discipline in our behavior.

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CSO: 4519/145

#### MUBARAK VISITS AL-GHARBIYAH GOVERNORATE

#### President Inspects Work At Factories

NC271736 Cairo Domestic Service in Arabic 1700 GMT 27 Feb 83

[Text] President Husni Mubarak today made a visit of about 8 hours to the al-Gharbiyah Governorate. During this visit, the president inspected work at the factories of the Delta Spinning and Weaving Company and of the Tanta Company for Hemp and Oils.

Furthermore, his excellency visited Tanta University and held a popular meeting with the leaderships of the governorate and another meeting with the officers and men of an air base.

The president was accompanied on this tour by Prime Minister Dr Fu-ad Muhyi al-Din, deputy prime minister for [public] services and Minister of Education Dr Mustafa Kamal Hilmi, Industry Minister Eng Fu'ad Abu Ghaghlah and al-Gharbijah Governor Councelor Fikri 'Abd al-Hamid.

More on Mubarak's al-Gharbiyah Visit

NC271926 Cairo Domestic Service in Arabic 1830 GMT 27 Feb 83

[Excerpts] President Husni Mubarak today made a visit of about 8 hours to the al-Gharbiyah Governorate.

At the popular meeting that was held in the al-Gharbiyah Governorate premises, President Husni Mubarak broached a number of domestic and foreign issues. He also answered several questions related to the current situation.

At the meeting, the president affirmed that Egypt's future cannot depend on individuals, but on us as a people. He said: Nothing will build Egypt except the hands of its sons and their will. President Husni Mubarak said: We have the resources and the potential. We also have a 5-year plan which we are pursuing. The president emphasized his confidence that we will overcome our problems through our will.

Afterward, the president went to an air base, where he held a meeting with the officers, cadet officers and men at the base. During this meeting, the president answered numerous queries about a number of domestic and foreign issues.

Industry Minister Eng Fu'ad Abu Zaghlah lauded President Mubarak's visits to the industrial and agricultural sites. He said that these visits have a strong impact in that they generate considerable momentum to the workers to induce them to double their work and to increase production.

The minister said that the aim of the president's visits is not solely to learn about the progress of work and production, but also to be reassured about the workers, to resolve their problems and to meet their requirements—which provides the workers with the reassuring atmosphere that gives them an incentive for production.

Eng Abu Zaghlah added: During his visit to the industrial sites in the al-Charbiyah Governorate, President Mubarak today stressed the need for increasing and developing production for improving the quality of products and for steering production in the direction of exports after local needs are met.

#### New Delhi Summit

NC261550 Cairo MENA in Arabic 1433 GMT 26 Feb 83

[Text] Cairo, 26 Feb (MENA)--Minister of State for Foreign Affairs Dr Butrus Ghali today received (Galo Lioro), the assistant foreign minister of Ecuador for international organizations, and delegation accompanying him. The assistant minister and his delegation are now on a visit to Cairo.

The discussion at the meeting broached the topics on the agenda of the nonaligned summit conference which is scheduled to be convened in the first week of next month in New Delhi.

The two sides have agreed on the importance of a strong and efficacious participation by the Latin American states in this conference, and of the Ecuadorian delegation's with the Egyptian delegation in the work of this conference.

The Ecuadorian delegation arrived in Cairo yesterday for a visit of several days, after which the delegation will leave for New Delhi.

#### MUBARAK MESSAGE TO NONALIGNED JOURNALISTS

NC121850 Cairo MENA in Arabic 1715 GMT 12 Feb 83

[Text] Cairo, 12 Feb (MENA)--President Muhammad Husni Mubarak has stressed that Egypt regards its link with the nonaligned principles and policy as a fateful commitment of a great priority and a focal point in its relations and actions at the international level.

President Mubarak also emphasized that the changeable international circumstances and the many problems the world is facing increase Egypt's belief that nonalignment is the preferred course and that it is the safety valve in confronting the dangers facing the entire international community.

In a message he addressed tonight to the nonaligned journalists conference, which was delivered on his behalf by Minister of State for Information Safwat al-Sharif, President Mubarak said journalists and writers are qualified to carry out a pioneering role in overcoming the problems which are facing the world states, because they enjoy farsightedness and the ability to think of the future.

President Mubarak called on journalists to support the just international questions, the foremost of which is the right of the Palestinian people to self-determination, and to support the Lebanese people and their right to liberate their land. He also urged them to call for an end of the Iraqi-Iranian war and to exert efforts to bring about real solidarity among all peoples in the Third World in their struggle for a better future.

Following is the text of President Mubarak's message:

Brother and sister members of the conference:

It pleases me to welcome you in Arab Egypt, which takes pride in you as brothers and partners in mankind's higher struggle for a better future for all peoples, in which freedom, justice and peace will prevail, exploitation, aggression and domination will disappear and a balance between rights and duties and interests on the basis of lawful principles and the rule of the law, not on force, oppression and coercion will be achieved.

Your choice of Cairo as a venue of this conference has a deep significance and many meanings. This historical spot from where you look at a civilization more than 7000 years old embodies the greatest achievements which man can attain when he realizes the real goal of the life of the individual and the group and when he absorbs the philosophy upon which the universe is founded and around which life revolves.

The Egyptian achievement in substance was not a material accomplishment inasmuch as it was a vast ideational creation and copious spiritual legacy in which the most noble heavenly and humanitarian principles are represented.

Our ancestors found this good land, but culture develops its greatness and ability to survive and develop from its openness to other cultures and its ability to overcome the present and look forward to the future with every hope and confidence.

Therefore Egypt, by virtue of its unique position between the continents, was not merely a bridge between various civilizations and cultures but was the crucible in which these civilizations interact and where peoples meet in their constant search for higher principles and for the protection of their legitimate interests and just rights.

Therefore, it was not surprising that the spark of nonalignment was set off from this glorious land and that the Egyptian people have been in the vanguard of the forces, believing in its principles and philosophy. The Egyptian people have been safeguarding the nonalignment mission and its noble goals and have been constantly giving for this cause, because nonalignment represents the greatest contemporary experiment of mankind, be it in founding the relations among nations and peoples on right and justice or devoting efforts to consolidating the pillars of security and peace, easing tension, preventing polarization and partitioning of the world into spheres of influence or creating a new international economic system that will ensure a balance between the interests of various states, regardless of their wealth and power resources.

From here, Egypt regards its link with the nonaligned principles and policy as a fateful commitment of a great priority, a focal point in its relations and actions at the international level, a continuous current at present and in the future and a firm, unshakeable trend. The changeable international circumstances, however, increase our faith that nonalignment is the preferred course and that it is the safety valve in confronting the dangers facing the entire international community.

Dear brothers and sisters, your conference of the nonaligned countries. It will be held in a friendly noble country with which we are linked by close relations and strong bonds. We are linked by a constant struggle for the rights of the Third World peoples in Asia, Africa and Latin America. We are also linked by a firm determination to consolidate the march of this movement and to further its effectiveness in the international arena in this phase in which the fervor of armament is mounting, the nuclear race is flaring up and tension is escalating. Many developing states are being subjected to pressures because of their accumulation of foreign debts, the high prices of manufactured goods which are essential in the comprehensive development creation and the absorption of modern technology.

In addition to these basic questions, we believe that we should resist a serious phenomenon threatening the unity of our movement and the cohesion of our front. It is the phenomenon of conflicts characterized by violence among the movement's member states in spite of the fact that there can be no real contradiction between the interests of these states. Hence, the natural position is that we should all stand in one trench defending the same interests, advocating the same principles and calling for the achievement of a just balance between the north and the south and between the developed states, which circumstances have provided with a great amount of development and progress, and the developing countries, which are waging a fierce battle to compensate for the progress they lost during the colonialist era, which restricted their movement and impeded their capability to progress toward development.

I am confident that journalists and writers are qualified to carry out a pioneering role in resisting these problems with proficiency and efficiency, because they enjoy farsightedness and the ability to think of the future. Their connection with the masses makes them capable of effective, dynamic action, which is no less important than the action of governments and official departments.

We want you to focus on the important, fateful questions. We want you to agree on the broad lines of the questions which will be presented to the masses throughout the Third World so that the common struggle may depend on the unity of concepts, interests and priorities.

We want you to raise your voice in defense of the right of the peoples struggling for freedom and dignity everywhere.

We want an effective support of the Palestinian people's right to self-determination and to the expression of their distinguished identity and free will.

We want a solid stand alongside the brave Lebanese peoples in their endeavors to exercise their right to liberate their land from foreign occupation, to exercise full sovereignty and to enjoy their independence like other nations and peoples so that they can devote themselves to confronting the challenges of reconstruction and development.

We want a strong call for ending the Iranian-Iraqi war which is a shedding of blood and an unjustified wasting of resources.

We want a cohesive international front that will stand with our brothers in the south of the African continent in their heroic struggle agianst apartheid, oppression and aggression.

We want increased efforts for achieving real solidarity among all peoples in the Third World in their struggle for a better future.

With constant work, sincere effort and one movement the flags of freedom and the banners of justice and peace will fly high.

God's peace and mercy be upon you.

#### MUBARAK MEETS WITH ECONOMIC GROUP

NC261459 Cairo MENA in Arabic 1339 GMT 26 Feb 83

[Text] Cairo, 26 Feb (MENA)--President Muhammad Husni Mubarak this morning held a meeting in the al-Urubah Palace. This meeting was attended by Prime Minister Fu'ad Muhyi al-Din, deputy prime minister and petroleum minister Ahmad 'Izz al-Din Hilal, and the ministers of the economic group, namely, Finance Minister Dr Salah Hamid, Minister of Planning Dr Kamal al-Janzuri, Minister of Investments and International Cooperation Dr Wajih Shindi, and Minister of Economy and Foreign Trade Dr Mustafa al-Sa'id.

Eng Ahmad 'Izz al-Din Hilal stated that today's meeting was devoted to a study of the steps that will be taken to rationalize consumption in general, including the consumption of oil products and other products.

Emphasizing the importance of rationalization, Eng 'Izz al-Din Hilal said that the people and the government feel the need for rationalizing consumption by the people and the government.

He said that Egypt's oil production for 1983-84 will be 11 percent more than that of 1982-83. However, consumption has also increased by the same rate.

Asked whether the reduction of world oil prices will affect the production cost of Egyptian oil, Eng Ahmad 'Izz al-Din Hilal said: In determining the price of Eygptian oil, we rely on world prices.

In his statement, Eng Ahmad 'Izz al-Din Hilal noted that at the upcoming OPEC meeting, agreement will be reached on the fixing of oil prices to avert a collapse that would affect the oil-producing and the oil-consuming states, banks, companies and the world economy.

To a question about the affect of this reduction on the 1982-83 budget, Eng Ahmad 'Izz al-Din Hilal said that the reduction will amount to \$245 million adding that in the 1983-84 plan, this reduction will total approximately \$500 million.

Dr Kamal al-Janzuri also stated that at today's meeting, the followup of the 1982-83 plan, those parts of the plan that have already been implemented and the problems that are facing implementation of the plan, were discussed.

He said that the discussion also touched on the general framework of the 1983-84 budget and on the effect of the possible reduction of world oil print on the revenues available for the general budget.

In answering a question about the part of the plan that has been achieved and now, Dr Kamal al-Janzuri explained that 41 percent of the 1982-83 plan had incomimplemented by 31 December 1982. He said: This is considered a good thing.

He said that this year's achievements are considered to be satisfactory, if compared to the first 6 months of 1982.

Concerning the difficulties that are facing implementation of the plan at this time, Dr Kamal al-Janzuri said that these difficulties are related to procuring sources of foreign currency, in addition to some matters connected with construction.

#### KHALID MUHYI AL-DIN ADDRESSES PNC SESSION

PM241653 Algiers EL MOUDJAHID in French 16 Feb 83 p 5

[APS report: "A Common Basis for the Progressive Forces in the Arab World"]

[Text] Speaking at the 16th Palestinian National Council [PNC] session being held in the palace of nations in Algiers, Mr Khalid Muhyi al-Din, chairman of the National Unionist Progressive Grouping Party [NPUGP], said that "the fact that the PNC session is being held in Algiers in the difficult circumstances which the Arab nation is now experiencing is not accidental because we want this session to consecrate a new stage in the Palestinian revolution under the PLO's leadership, moving toward liberation and the recovery of the occupied territories and of dignity."

After paying tribute to the Palestinian fighters for their heroic resistance in Beirut, Mr Khalid Muhyi al-Din reviewed the political situation in Egypt since the signing of the Camp David agreements, highlighting in particular the Egyptian people's struggle against the imperialist-U.S. plans and the progress made in that struggle which resulted in the events of 6 October 1981. Mr Muhyi al-Din told the audience that the NPUGP's struggle is continuing "because," he said, "there is no other way to end the illusions and myths."

Mr Muhyi al-Din warned the Palestinian revolution against its enemies whose aim is to divide its rank, "but we are convinced," he added, "that you are capable of adopting the right stance."

Mr Khalid Muhyi al-Din then reiterated the Egyptian national people's forces' solidarity with, and support and backing for the PLO, which alone can decide on the methods and means of attaining the Palestinian people's noble objectives.

He also reiterated the NPUGP's solidarity with the Lebanese national movement in its struggle for Lebanons' unity, independence and national sovereignty.

"The NPUGP," he said, "is struggling inside Egypt to meet the imperialist-Zionist challenges.

"We firmly believe that there is a common basis for the progressive forces in the Arab world which will enable us to regain our rights and dignity," Mr Khalid Muhyi al-Din concluded.

AL-BAZ DENIES MOROCCO VISIT . COMMENTS ON ARAB RELATIONS

NC131331 Cairo MENA in Arabic 1111 GMT 13 Feb 83

[Text] Cairo, 13 Feb (MENA)—Head of the presidential office for political affairs Dr Usamah al-Baz, in a statement to newsmen following a meeting with the president, denied reports published yesterday that he visited Morocco and carried a message for King Hassan II.

Asked about the discussions during the meeting, al-Baz said: The meeting was devoted to discussing the mission that Minister of State for Foreign Affairs Dr Butrus Ghali and I undertook in certain fraternal Arab countries, where we delivered messages from President Mubarak to these countries' leaders. He added: During the meeting with Mubarak today we discussed the situation on the Iranian-Iraqi front in light of the statements and information we got. He said: We believe that the situation there is reassuring and that the Iraqi front is cohesive politically and morally, that there is hope that the current battles will be the last, that the bloodshed will be stopped and that the souls and property of the brothers in both countries will be preserved.

Referring to the Palestine National Council meetings, al-Baz said: We wish the PLO leadership success at this meeting and hope that there will be real moves for the sake of the Palestinian cause to preserve the vital interests of the Palestinian people, particularly the brothers who live under occupation in the West Bank and Gaza.

Speaking about the situation in Lebanon, al-Baz said: We are watching the developments in the negotiations. There are still difficulties and Israel demands that the Lebanese side cannot accept. We support the Lebanese leader-ship, he added.

On Arab rapprochement and whether it is expected to develop into a summit meeting, al-Baz said: It has been proven that our relations with the Arab countries transcend the resolutions and positions that were adopted during certain emotional situations. It has also been proved that Egypt is the heart of the Arab nation and that it is absolutely impossible to separate the heart and other organs of the body. He said: We believe that what is currently taking place proves more than any time before Egypt's Arab affiliation and identity. This issue is not bargainable or doubtable.

On the diplomatic relations between Egypt and the fraternal Arab countries, al-Baz said: We believe that diplomatic relations are a matter of pure formality and that the opportune time for them will come. He added: [Lack of] diplomatic relations, however, absolutely has not prevented Egypt from making moves to safeguard the strategic Arab interests nor the Arab countries from moving toward Egypt, because the Arab countries know that the Arabs' greatest asset is the Egyptian people.

On Egypt's relations with Israel, Dr al-Baz said relations with Israel are ordinary relations like any relations between two countries and are not particular. He said: At the first stage of establishing relations, the relationship assumes a kind of seriousness and then anything that applies to any normal relations apply to it. As for our approval or disapproval of certain important issues that have a certain priority, we will express our satisfaction or dissatisfaction. He added: We express our dissatisfaction with any policy that is against peace and the continuation of peace efforts and we are free to take any measures within limits not to violate the commitments which we signed and by which we abide. Egypt has been quite eager to keep its commitments and did not break them. There has been no claim that Egypt broke any of its commitments.

Referring to the autonomy negotiations, Dr al-Baz said the developments now demand that the circle of negotiations be expanded to include Jordan and Palestinian representatives, and in order for this to happen, the parties must be given a suitable chance.

Dr al-Baz added that with regard to the Palestinian people, a meeting will be held in Algeria tomorrow after which the Palestinians and Jordanians will agree on a unified stand. Then comes the role of the United States, which should use its influence on Israel to take the necessary decisions to make it possible to resume the negotiations within this new framework. The most important of these necessary steps will be a decision to stop all forms of settlement activity and to accept negotiations within the new framework.

He said: We think that all this will lead to the achievement of the same aims which we have been seeking from the beginning—that is, to end the Israeli occupation and domination over the West Bank and Gaza and to begin establishing a transitional or interim authority which could be terminated in the future to enable the Palestinian people to exercise their right to self-determination.

Regarding the Israeli Kahan Commission Report, Dr al-Baz said this is an Israeli internal affair.

Dr al-Baz said: With regard to the Tabah issue, we insist on activating the efforts and putting into motion the method agreed upon on 25 April 1982 in this regard. We think that the negotiations will be resumed at the appropriate time after the desired progress on the Lebanese front is achieved.

'AL-SHA'B' ON EGYPTIAN-PALESTINIAN CONTACTS

PM281611 Cairo AL-SHA'B in Arabic 22 Feb 83 pp 1, 8

[Hamid Zaydan and Ibrahim Yunis dispatch from Algiers]

[Excerpts] All the Egyptian nationalist leaders, of various political trends, who attended the Palestine National Council [PNC] meetings in Algiers, have expressed the Egyptian people's support for and solidarity with the Palestinian people's struggle and revolution under PLO leadership, emphasizing that the PLO is the sole legitimate representative of the Palestinian people. The Egyptian nationalist leaders affirmed this position in all their meetings with the Palestinian nationalist leaders and in the two speeches delivered at the PNC general meeting by Socialist Labour Party [SLP] leader Ibrahim Shukri and National Progressive Unionist Grouping Party [NPUGP] Secretary General Khalid Muhyi al-Din.

Two meetings were held between the Palestinian leadership and 15 Egyptian nationalist leaderships representing all the political trends in the Egyptian delegation which came from inside Egypt. In the two meetings, which lasted 10 hours, there were frank exchanges on the need for the restoration of normal relations between Egypt and the PLO. There was full agreement between the Egyptian side and the Palestinian action. The discussion on the restoration of Egyptian-Palestinian relations was within the context of these issues. There was full agreement between the two sides on this [the need for the restoration of relations] but the Palestinian leaders voiced all their views regarding the risks inherent in having close relations with one of the parties of the Camp David agreements. They raised questions about Egypt's future links with Camp David. They wholeheartedly spoke about Egypt as the mother of all, the pulsating heart of the Arab nation, the base of the entire Arab nation, the fortress of Arab struggle, the leader of the Arab revolution and the vanguard of the Arab people. They also raised questions, and produced answers, about Egypt's absent role and vacant place and the extent of the contradiction between Egypt's role and place on the one hand and its commitments under Camp David on the other.

The Egyptian nationalist leaders spoke frankly and objectively stressing faith, at least in the future, and emphasizing that President Husni Mubarak is not Anwar al-Sadat or Jamal 'Abd al-Nasir.

The discussions led to a proposal calling for the formation of a Palestinian delegation to go to Cairo to explore the Egyptian position, views on the future of Arab action and the future of Egypt's Arab role.

Those present suggested that Abu Iyad [Salah Khalaf] should be the one to undertake this mission in Cairo. Abut Iyad welcomed the idea reaffirming that his relations with official Egypt and been good at all stages since the days of 'Abd al-Nasir.

These details, which we are publishing here exclusively, do not violate the commitment not to publish the text of the discussions lest they be exploited by people engaged in oneupmanship.

Because of lack of time outside the PNC meetings, it has been decided to hold a third meeting between the Egyptian and Palestinian nationalist leaderships. A date for this third meeting will be fixed next month.

#### 'ALI, NORWEGIAN FOREIGN MINISTER DISCUSS TALKS

#### Middle East, International Economy

NC241418 Cairo MENA in Arabic 1300 GMT 24 Feb 83

[Text] Cairo, 24 Feb (MENA)--Deputy Prime Minister and Foreign Minister Kamal Hasan 'Ali declared that today's talks between him and the Norwegian foreign minister concentrated on the situation in the Middle East and international economic problems.

'Ali said the talks showed identity of views regarding Lebanon and the necessity for the withdrawal of the Israeli and foreign forces and also for pushing forward the peace process.

He added that the talks on the Palestinian issue showed that Israel's continued building of settlements represents a barrier in the way for peace and that they agreed on the necessity for a Palestinian-Jordanian coordination to push forward the peace process and as well as to expand the circle of negotiations.

'Ali pointed out that the talks touched upon consolidating bilateral relations between Egypt and Norway and added that Norway allocates 1 percent of its national income for fostering developing countries' development plans, as is also the case with Canada, Sweden and the Netherlands.

Norwegian Foreign Minister Svenn Stray said his talks with 'Ali were fruitful as they reviewed the situation in the Middle East, particularly the Palestinian issue and the situation in Lebanon.

He added that there was an identity of views, particularly that the present time is convenient for reaching a settlement leading to the realization of peace in the area.

Both the Egyptian and Norwegian sides are due to resume their talks at a working luncheon today under the chairmanship of both ministers.

#### Working Luncheon

NC241659 Cairo MENA in Arabic 1450 GMT 24 Feb 83

[Text] Cairo, 24 Feb (MENA)--Deputy Prime Minister and Foreign Minister Kamal Hasan 'Ali praised Norway's stance on the Middle East problem, particularly, the Palestinian issue.

In a speech during today's working luncheon in honor of the Norwegian foreign minister, Mr 'Ali affirmed that Egypt is following with interest Norway's efforts to bring about a just and comprehensive peace in the Middle East area. He added that Norway has supported the area's peace efforts together with Egypt's initiatives for the past 5 years and took part in the multinational force in both Sinai and Lebanon.

'Ali declared Egypt's appreciation for Norway's stance on the Middle East, the Palestinian issue and recognition of the Palestinian people's rights, including their right to self-determination. He praised Norway's call for mutual recognition between Israel and the Palestinians in addition to its [Norway] condemnation of the Sabra and Shatila massacres which were perpetrated by Israel against the Lebanese and Palestinian peoples in Lebanon.

He added: I am confident that you support the strenuous efforts Egypt is exerting with the parties concerned to reach a final comprehensive and just settlement in the area whether through the speedy withdrawal of foreign forces from Lebanon or the realization of a transitional order in the West Bank and Gaza Strip that would lead to the inception of a Palestinian entity which is related in one way or another to Jordan. This matter as we all know can be accomplished through extensive negotiations which we hope will take place soon with the participation of Jordan and the Palestinians with the parties concerned in the negotiations, particularly, Egypt, Israel and the United States.

Deputy prime minister and foreign minister said: We also hope that Europe will persuade Israel of the necessity for flexibility toward the Palestinian issue.

Mr 'Ali affirmed that Europe can also play an important role in offering the international guarantees when agreement becomes imminent. He said: I do not need to reiterate that Egypt's policy believes that the realization of peace and economic development are inseparable [issues] and we should admit that the world community cannot ensure a permanent peace as long as the gap among the countries is widening.

He added: in this regard, I want to express my gratitude and appreciation to the government and people of Norway for their aid to the developing countries and for their cooperation with the government of Egypt.

The Norwegian foreign minister in his speech during the luncheon, praised Egyptian-Norwegian relations and the Suez Canal's role in international traditional trade. He said: Today, our relations are not limited to naval activities but they have recently developed a great deal in both the political and economic domains and we have satisfactorily noticed the increase in the volume of commercial exchange between both countries.

He added that the government of Norway aspires for more cooperation with Egypt. He said: Today's talks with you have shown the big task shouldered by your government in the fields of the Arab-Israeli conflict, the Iranian-Iraqi war, problems pertaining to the Gulf area in addition to the crises existing in Africa. He said that Egypt has exerted great efforts in settling international problems, foremost of which is its courageous initiative regarding the solution of the conflict with Israel and its active diplomatic efforts which create a hope for finding a negotiable and just solution for the Palestinian problem which is the core of the conflict, particularly, as recent events have shown the significance of negotiations as a means for the realization of peace in the Middle East. The Norwegian minister indicated the importance of Egypt's position amidst the three continents which allows it to play an active role in the area.

He said: I am confident that our two countries will find many opportunities for cooperation at both the regional and international levels.

Stray Meets With Prime Minister

NC241446 Cairo MENA in English 1359 GMT 24 Feb 83

[Text] Cairo, 24 Feb (MENA)--Premier Dr Fu'ad Muhyi al-Din held talks today with visiting Norwegian Foreign Minister Svenn Stray on the latest Middle East developments.

They also discussed means of boosting bilateral relations in various fields.

Mubarak Receives Norwegian Foreign Minister

NC261228 Cairo MENA in English 1142 GMT 26 Feb 83

[Text] Cairo, 26 Feb (MENA)--President Husni Mubarak today received visiting Norwegian Foreign Minister Svenn Stray.

The meeting was attended by Deputy Premier and Foreign Minister Kamal Hasan 'Ali and the Norwegian ambassador here.

Minister Leaves for Jordan

NC261625 Cairo MENA in Arabic 1346 GMT 26 Feb 83

[Text] Cairo, 26 Feb (MENA)--Norwegian Foreign Minister Svenn Stray this afternoon left Cairo for Amman following a 4-day visit to Egypt.

During this visit, the Norwegian foreign minister held official discussions with the Egyptian officials on the Middle East situation and on the strengthening of the bilateral relations existing between the two countries.

Stray was seen off at the airport by Deputy Prime Minister and Foreign Minister Kamal Hasan 'Ali.

AL-BAZ ON FOREIGN BASES, RELATIONS

PM241501 London AL-MAJALLAH in Arabic 19-25 Feb 83 pp 3-5

[Interview with Dr Usamah al-Baz, Foreign Ministry first under secretary and head of presidential office for political affairs, by Mas'ad Hijazi in Toronto during President Mubarak's visit to Canada]

[Excerpts] [Question] With regard to relations with the United States, is there any U.S. pressure on Egypt to give the United States a military base in Ras Banas, especially in the light of Secretary of Defense Casper Weinberger's recent statement to AL-MAJALLAH that "Ras Banas base is very suitable for us from a strategic standpoint"?

[Answer] The United States is not bringing any pressure to bear on Egypt for the simple reason that everybody knows that Egypt does not accept any state's or party's policy of bringing pressure to bear on Egypt. We believe that it is very important to preserve the independence of the Egyptian will. Egypt must always maintain the independence of its will as well as its strength—its political, economic, moral, and spiritual strength—because this is the safety valve for the whole area. The stronger Egypt is, the greater the stability and the ability of the countries of the area to resist and deter any external or foreign interference.

With regard to the question of Ras Banas, it is unwise for Egypt to give any military bases on its territory to any country because, for several considerations, this is a vital matter to us:

First, we are a country that fully believes in the philosophy and policy of nonalignment and we abide by that. One of the most important features of the policy of nonalignment is that no military bases be set up in the territory of the member state. We realize that some of the nonaligned states violate this rule explicitly or implicitly, but we are one of the countries that say that the nonaligned states must adhere to what they declare. As long as we declare that one of the most important membership qualifications in this movement is that no foreign bases should be set up, then we must respect this so that we will be true to what we say.

Second: The United States did not ask for the setting up of a base for it in Egypt. They [the Americans] may have certain views of their own but what this

or that official says does not necessarily reflect what we see. We say and declare that Ras Banas base is an Egyptian base and will remain an Egyptian base serving Arab objectives and not strategic objectives of other countries. The Ras Banas base exists in order to ensure greater security for the Arab area and contribute to consolidating security in the horn of Africa and the Gulf area.

[Question] Through the rapid deployment force [RDF]?

[Answer] No, only through the Egyptian forces and not through any foreign forces. We do not accept the existence of any foreign military base on Egyptian soil. We also believe that the Egyptian forces must be mobilized only to serve Arab and African objectives as a whole; not to serve the individual objectives of this or that state but the general Arab objective and the general African objective.

[Question] Egypt's declared position is always not to give bases but to grant military and naval facilities, but in his statement to AL-MAJALLAH the U.S. defense secretary said that in order for the RDF to carry out its tasks in the best manner, a fixed place for the storage of equipment and ammunition and for refuelling must be obtained. Does this not amount to a U.S. request or a potential request by the Americans for a fixed base?

[Answer] No, we do not establish our stands on the basis of what the officials say here and there. We establish our stands on the basis of what is requested from us officially. No request has been put to us for the stationing of any forces in Ras Banas. The whole idea is that the United States cooperates with us in improving the existing installations and utilities in the base while the identity of the bases remains Egyptian. The proposal which the late President Anwar al-Sadat submitted is based on the following:

First: Egypt's declaration of its readiness to grant (naval and military) facilities not only to the United States but, as you might recall, also to the European countries. Why? First, there should be a specific objective, since these are temporary facilities and not a permanent (military) presence. Also they are restricted and not general; restricted by objective and time. The time is the occurrence or the imminent occurrence of an aggression against an Arab or Islamic country.

Second: That the party in question should ask for assistance from the country concerned and should accept the dispatch of forces in order to help it to repel such aggression. In which case Egypt can estimate whether it will cooperate with the party concerned; in other words, will such and such Arab or Islamic state agree to be helped by a foreign country? In this case Egypt can grant facilities to this foreign state for a specific period of time, which is the duration of the operation which would be at the request of the Arab or Islamic country concerned and which is the target of aggression. Apart from this we believe that it is safer to keep all the countries of the area outside the strategy of the big powers and should not be part of the strategy of this or that country.

[Question] How does the Egyptian political leadership evaluate the new Soviet leader Yuriy Andropov and are there any Egyptian conditions for the resumption of relations with the Soviet Union?

[Answer] We do not wish to get involved in the evaluation of a specific person. The idea is to evaluate the policies and not the individuals. We know that the new Soviet leader has a particular background (head of the KGB for 15 years) but what needs to be analysed and followed up is the policies that the Svoiet Union will follow under his leadership and the Soviet leadership in general.

We order our relations with the Soivet Union from the premise that we have no dispute or radical conflict with this state. There might be differences and, in fact, such differences do exist. There are ideological differences and differences in the social and economic system in force, but as long as the Soviet Union respect the Egyptian will and refrains from interfering in Egypt's affairs we are ready to improve the atmosphere of these relations. We do not want to have tense relations with any party.

We realize that the Soviet Union is a superpower that has weight and influence. We also recognize the Soviet Union's support for us in Egypt and for the Arab right in many stands in the past. We also recognize that up to now the Soviet Union has been adopting a stand of supporting the Palestinian cause. We cannot ignore all these considerations.

Incidentally, we do have diplomatic relations with the Soviet Union. The relations are not severed. The question of exchange of ambassadors, after their withdrawal about 2 years ago, is a secondary matter and not all that important.

## CHIFF OF STAFF'S VISIT NOTED

#### 'Abd-Rabb-al-Nabi Hafiz

MC232328 Cairo MENA in English 1330 GMT 23 Feb 83

[Text] Toulon, 23 Feb (MENA)--Lt General 'Abd-Rabb-al-Nabi Hafiz, chief of staff of the Egyptian Armed Forces who is on a current visit to France, called today at Toulon Maritime Base and other air and land bases here. He also attended a manoeuvre with live amunition for the French forces where infantry, armour and artillery as well as airsurface missiles used by helicopters were displayed. The manoeuvre also included a helicopter parade.

#### Chief of Staff's Statement

NC261524 Cairo MENA in Arabic 1340 GMT 26 Feb 83

[Text] Paris, 26 Feb (MENA)--Lt Gen 'Abd Rabb al-NAbi Hafiz, chief of staff of the Egyptian Armed Forces, has stated that his current visit to France and his talks with the French defense minister and high-ranking military commanders are aimed at studying the various armament programs and the spheres of Egyptian-French military cooperation. This is in addition to his visits to some French military centers and bases of the spheres of Egyptian-French military cooperation. This is in addition to his visits to some French military centers and bases of the various naval, air and ground forces.

In a statement to MENA, Lt Gen 'Abd Rabb al-Nabi Hafiz said his visit has been very successful and has achieved its desired objectives.

The Egyptian chief of staff declared that the phase of purchasing weapons by Egypt has ended. We have now entered the phase of concluding contracts for the joint manufacturing of weapons. He added that following the experiment which Egypt had faced because of a spare parts shortage, Egyptian leadership had no alternative but to enter the phase of industrialization to achieve a suitable degree of self-sufficiency. He then affirmed that Egypt faces no spare parts problem for the Soviet weapons since we are manufacturing some of them and the rest are secured through other sources.

Lt Gen 'Abd Rabb al-Nabi Hafiz declared that the mirage 2000 and the U.S. F-16 aircraft will form the backbone of the Egyptian Air Force. He also revealed that Egypt will conclude contracts to obtain more mirage 2000 and F-16 planes.

The Egyptian chief of staff said that the Egyptian Armed Forces have witnessed important development since October 1973, asserting that this development does not only include the field of armaments but the other fields of reorganization and training. The armed forces have been rebuilt on the organizational, armament and training levels. A training plan has been introduced according to the most up-to-date methods and latest technical developments.

In the field of military industrialization, the chief of staff expressed hope that the Arab states will again participate in the Arab industrialization organization. He affirmed that had this organization continued with its previous resources and with the resources of the Arab states which used to participate in it, the Arabs would now have been able to produce aircraft, tanks and missiles, and even long-range missiles. He, however, reaffirmed that the process of developing the military factories is actually continuing and that the process of military industrialization is proceeding steadily. In this connection, he referred to the [Assembly of] Alpah jet aircraft in Egypt and to the contract for the manufacturing of the mirage 2000 aircraft.

The Egyptian chief of staff affirmed that according to plan, about 60 percent of the components of these two types of aircraft will be manufactured in Egypt, and this is also the case with the Gazelle helicopters. At the end of this year, Egypt will produce heavy 133 MM and 105 MM guns. He noted that the experimental production of 122 MM guns has actually begun. Egypt is also paying attention to the electronics industry.

With regard to Egyptian-Iraqi cooperation, Lt Gen 'Abd Rabb al-Nabi Hafiz announced that our support for Iraq has come through a political decision and on the basis that Iraq is now defending its border and not committing aggression against anyone.

In this respect, he asserted that we are interested in maintaining strong and good relations with all the Arab, Islamic and African states and we stand prepared to extend assistance and expertise to any state that asks us to do so. However, at the same time, we have neither troops nor units outside our territory.

The Egyptian chief of staff said that Iraq enjoys a strong position following the failure of the recent Iranian offensive against Iraq.

The chief of staff expressed his belief that the failure of the Iranian offensive will strengthen the lobby advocating a political settlement within the Iranian leadership.

He said that Egypt welcomes the cessation of hostilities between the two sides and the inclination toward a peaceful settlement to halt the exhaustion of Islamic and Arab resources.

Lt Gen 'Abd Rabb al-Nabi Hafiz categorically denied that any joint Egyptian-U.S. military maneuvers were held recently, affirming that the presence of the U.S. AWACS aircraft came within the context of the training of Egyptian crews in the flying of reconnaissance aircraft. Concerning the U.S. move in connection with

the aircraft carrier Nimitz, he said that this matter is related to U.S. assessments and is part of the movements of the U.S. fleet in international waters—exactly as the Soviet fleet is doing. He added that some units of the Soviet fleet are positioned of al-Sallum outside our territorial water.

The Egyptian military commander emphasized that there is no U.S. or other military presence in Egyptian territory. The reason is that Egypt does not condone this and rejects the principle of the stationing of foreign military forces on its soil—a principle that President Husni Mubarak always scrupulously confirms.

On the other hand, Lt Gen 'Abd Rabb al-Nabi Hafiz asserted Egypt's interest in Sudan. He said that Sudan represents Egypt's strategic depth, adding that there exists a joint defense agreement between Egypt and Sudan and that any threat to Sudan is regarded as a direct threat to Egypt. [He said]: should the Sudanese side feel any threat, then it is natural for us to stand on its side.

Concerning the use of the Egyptian Armed Forces in civilian projects, Lt Gen 'Abd Rabb al-Nabi Hafiz announced that this is not a new technique, but it is used by many states. He added that the armed forces are participating in alleviating the burdens of the Egyptian citizens in a manner that does not affect the efficiency of these forces, their capabilities or degree of readiness.

The Egyptian chief of staff elucidated that the Egyptian Armed Froces have mapped out a large-scale training plan to fill the gap in Egypt's need for craftsmen, technicians and trained workers. To fulfill this objective, the armed forces have established several specialized centers at which soldiers are trained for 3 months before they leave the military service. Furthermore, the armed forces supply these soldiers with the tools they require for the crafts that they have learned for free. He noted that the armed forces yearly graduate about 70,000 drivers to work in the civilian domains.

# Return From Visit To France

NC272233 Cairo MENA in Arabic 2220 GMT 27 Feb 83

[Text] Cairo, 27 Feb (MENA)--Cairo, 27 Feb (MENA)--Chief of Staff of the Armed Forces Lt Gen 'Abd Rabb al-Nabi Hafiz and the delegation accompanying him returned to Cairo tonight after a visit of several days to France. During his visit, Hafiz and French officials discussed strengthening military cooperation between Egypt and France.

#### GABONESE ENVOY ARRIVES WITH MESSAGE

# Fraternal Relations Between Two Countries

JN242140 Cairo MENA in Arabic 210° GMT 24 Feb 83

[Text] Cairo, 24 Feb (MENA)--(Mohamed Mawapa), Envoy of Gabonese President Omar Bongo, arrived here this evening for a 2-day visit. The envoy said in an arrival statement that he carries a message from the Gabonese president to President Mubarak dealing with the fraternal relations between the two countries.

While in Cairo, (Mawapa) is expected to meet with Minister of Culture 'Abd al-Hamid Radwan.

Ghali Meets Gabonese Presidential Envoy

NC261924 Cairo MENA in Arabic 1904 GMT 26 Feb 83

[Text] Cairo, 26 Feb (MENA)—Minister of State for Foreign Affairs Dr Butrus Ghali today received (Muhammad Mwaba), the envoy of Gabonese President Omar Bongo and the official in charge of foreign affairs in the ruling party. The Gabonese envoy is now on a visit to Cairo and he carries a letter from President Bongo to President Husni Mubarak.

At this meeting, views were exchanged on current issues within the context of coordination for the nonalignment conference scheduled to be convened in New Delhi next month.

Views were also exchanged at this meeting on the means for finding a solution for the present crisis of the OAU.

#### ECONOMIC AID TALKS WITH YUGOSLAV DELEGATION

# Minister Meets With Delegation

NC281730 Cairo MENA in Arabic 1555 GMT 28 Feb 83

[Text] Cairo, 28 Feb (MENA)--Investment Affairs and International Cooperation Minister Wajih Shindi in his meeting today with Yugoslav Deputy Prime Minister and Minister of Industry and Energy (Rao Pavlovich) and his accompanying delegation, discussed the economic relations between Egypt and Yugoslavia and means of bolstering and developing them.

Following the meeting Dr Shindi, in a statement to reporters, pointed out the close relations binding Egypt and Yugoslavia and referred to the cooperation between both countries in the agricultural, industrial, popular development and maritime transport domains. Dr Shindi pointed out that during the meeting, four joint technical committees have been formed, namely, industry, heavy industries and production; reconstruction and tourism; agriculture and agricultural industries; and finance, foreign trade and maritime transport. He said that these committees, which started their activities today, will continue until the day after tomorrow, Wednesday, when the 15th technical, industrial and economic cooperation protocol will be signed between the two countries. It will include the results of the experts' discussions of both countries in the various fields.

The investment minister said that the importance of the meetings of (the Egyptian-Yugoslav economic cooperation committee lies in the fact that it comes after the meeting between President Husni Mubarak and Yugoslav President Stambolic during the former's recent visit to Yugoslavia and prior to the nonaligned summit conference.

The Yugoslav deputy prime minister expressed the Yugoslav Government's appreciation of cooperating with Egypt and the Yugoslav participation in the implementation of water and sewage projects in the governorates of Bani Suwayf, Matruh and the Red Sea, establishing joint touristic projects, completion of the reclamation and cultivation of the Wadi al-Mullak project together with cooperation in producing fishing boats and river transport units.

Mr (Pavlovich) added that President Husni Mubarak's visit to Yugoslavia represents the commencement of activating relations between the two countries and that Yugoslavia will offer every possible aid to Egypt in the fields that might need it and in which the Yugoslav economy can participate.

# Loans for Power Projects

NCO11514 Cairo MENA in English 1440 GMT 1 Mar 83

[Text] Cairo, 1 Mar (MENA)--Yugoslavia has extended to Egypt a long term loan of \$30 million to finance the import of electric devices and equipment for power ventures within the five-year plan, Minister of Power and Energy Mahir Abaza said.

Abaza said following his talks today with the visiting Yugoslav deputy premier and minister of industry and energy, that they discussed the feasibility of promoting technical cooperation between the two countries in the power field during the coming phase. The talks also dealt with the implementing programmes of projects to which the Yugoslav Government contributes, he added.

The Yugoslav official had arrived here yesterday leading an economic delegation for a few days' visit to Egypt to attend the meetings of the joint Egypto-Yugoslav economic committee.

Meanwhile, Abaza witnessed later today the signing of an agreement on technical cooperation between Egypt and Yugoslavia.

Under the four-million dollar agreement, the Yugoslav side will help in expanding and renovating five power grids in Aswan, Kawm Umbu, Qina and Bani Suwayf, within a year of the signing of the accord, with the objective of providing new sources of electric power to serve industrial and agricultural ventures as well as food security and housing projects in these areas.

Abaza hailed cooperation between Egypt and Yugoslavia in the various domains especially in the power sector.

#### OPPOSITION PAPER ON POSSIBLE GOVERNMENT CHANGES

PM241647 Cairo AL-AHALI in Arabic 16 Feb 83 p 1

[Unattributed report: "No Cabinet Reshuffle Before Reports About Certain Officials are Confirmed"]

[Excerpts] AL-AHALI has learned that the general changes to be introduced by President Husni Mubarak will not take place for several months and that these changes, when they are made, will be in accordance with the constitution and the laws governing the relations among the various government establishments. The changes will include filling the important positions still vacant and will also affect a number of essential posts in the executive and legislative branches.

However, the change to which reports and rumors have been referring will only be confined to relieving a number of ministers and officials whose names have repeatedly been mentioned in connection with strong suspicions relating to recent corruption cases involving 'Ismat al-Sadat. This change will not be carried out before the charges made against these people are confirmed.

AL-AHALI has also learned that the reports about relieving Prime Minister Dr Fu'ad Muhyi al-Din of his duties in this change, which will take place within days, are untrue. Fu'ad Muhyi al-Din's name was mentioned in the rumors about a reshuffle because of an interview he granted to the editor of one of the government papers the Sunday before last. The two reviewed that interview last Wednesday so that it could be published last Friday, but it seems that the prime minister felt that the circumstances were not suitable for such interviews and, therefore, asked that the publication of the interview be called off or postponed until a more suitable time.

#### SECURITY COURT RESUMES HEARING AL-JIHAD CASE

NC282120 Cairo MENA in Arabic 1902 GMT 28 Feb 83

[Text] Cairo, 28 Feb (MENA)—The supreme state security court today resumed its session in the trial of the al-Jihad organization defendants under the chain manship of counsellor 'Abd al-Ghaffar Muhammad Ahmad.

The court heard the testimony of both deputy director of Asyut Security Maj Gen Hasan Sulayman and a central security forces officer, 1st Lt Ahmad Sha'ban.

The court also watched three videotapes on the activities of some of the organization's leaders.

At the end of the session, which lasted about 8 hours, the court decided to adjourn until tomorrow in order to resume hearing the remainder of the witnesses.

At the beginning of the session, Counsellor Raja'i al-'Arabi announced that 50 defendants were absent, 3 due to illness and 47 others because they had refused to attend.

Afterward, the court resumed listening to the testimony of Maj Gen Hasan Sulayman, who said that the Islamic groups in Asyut started their activities in the form of university religious communities in 1977. He said that the extremist religious groups started to appear in their ranks at the beginning of 1980 and that this was followed by the Asyut incidents in 1981.

The court also listened to the testimony of 1st Lt Ahmad Sha'ban, who reviewed for the court the attack by some extremist religious group members against the Asyut security directorate, where they killed and wounded a number of officers and soldiers as well as wounded other citizens.

The court also watched three videotapes which show some of the defendants. The first film shows defendant Nabil al-Maughrabi conducting a deal with one of the prosecution witnesses, Sabir 'Abd al-Na'im, to buy some weapons to be used by the organization in realizing its objectives of overthrowing the regime and assassinating the late-president Anwar al-Sadat.

The second videotape shows defendant Nabil al-Maughrabi inspecting some weapons that he intended to use, including two machineguns which he intended to begin with.

The third videotape shows defendants Nabil al-Maughrabi and Sayyid Mahjub carrying these weapons from witness Sabir 'Abd al-Na'im's house, where they were arrested.

The defendants' lawyers questioned the legality of taking and recording these films of the defendants. State security prosecution Attorney General Raja'i al-'Arabi pointed out that these records were made according to the law and that they were approved by the prosecution prior to their recording.

AL-SALAM CITY PROBLEMS REPORTED

Cairo AL-AKHBAR in Arabic 5 Jan 83 p 3

Article by Anwar Muhammad: "Concerns of Al-Salam City"

Text Once again, AL-AKHBAR in conducting an investigation into the new cities' projects. What accomplishments have been made? What are the biggest deficiencies in the projects, and what are the problems of the new residents? What are the solutions. Through investigating the new cities, we believe that they need a time-table for the projects.

Today, we are presenting the views of al-Salam City officials, and the concerns and problems of the residents. A solution to the population problem will only come through an invasion of the desert, and planting it with new cities. Al-Salam City is one of these cities. All we want is for the entire government apparatus to take an interest in the concerns of the residents of al-Salam, so that the experiment will develop as the sole solution to the population crisis.

We Live in the City of Problems

The concerns of al-Salam City's residents are many. There are 20,000 citizens living in the city of problems, one year after they settled it. They are suffering from a transportation crisis, which is considered to be their number one problem. Many times the city becomes completely isolated from Cairo, aside from the inadequacies of some of the services, such as the constant disruption of water and electricity, the unavailability of foodstuffs, meat and fish, and the servere overcrowding of the government centers.

Moreover, there is not one secondary school, despite the statements of officials in Cairo Province about the availability of schools in the city in the various levels of education. There is no greengrocer's market, and not a single fire engine in the city. There are no traffic policemen to organize traffic on the streets and intersections, which causes many accidents involving elementary school children.

City officials emphasize that there is no deficiency in services, no transportation crisis, no mis-distribution of food commodities, or problems with water or electricity.

AL-AKHBAR conducted a field trip inside al-Salam City. We saw the enormous accomplishments of building a city, and we saw shortfalls in some of the services. Al-AKHBAR met with the residents of this city and listened to their complaints about the shortages of some services. We also met with officials in the city and reported the citizens' complaints to them, in order to reach appropriate solutions to all the problems.

## A Distinguished Picture

AL-AKHBAR began its tour of the first area of the city. It is called Atlas One. This area is marked by an excellent order and symmetry among the housing estates. There is also a government center for consumer goods, meat, fish and vegetables of high quality. The streets are noted for their absolute neatness, and there are trash bins around. We also noted many male and female cleaning personnel on the streets. It is a truly beautiful scene!

The Transportation Crisis is the Number One Problem

The transportation crisis is the biggest problem in the city. Many city residents complained about the paucity of busses, which connect the city with Cairo. There are only two limes; al-Salam City Excursion and al-Salam City Liberation. The fact is that the Public Transportation Board has scheduled the times of these vehicles daily, from 5 o'clock in the morning until midnight, for every 15 minutes. In fact, however, the citizens wait long hours for a bus to come to the city's stations, which makes them late for their work because, of course, only two lines to Cairo is inadequate.

Mustafa 'Abd al-Muhsin, Muhammad 'Abd al-Rahim and 'Ali Mursa, the owner of a supermarket, said:

The number one problem in the city is transportation. Bus lines between the city and Cairo must be increased and subsidized, so that Ramses Square can be connected with al-Salam City and al-'Atbah Square with the city. The number of busses that are operated to service the city are inadequate, and every day, we are exploited by microbus and taxi drivers, especially during rush hours and at night.

# Road Accidents

Despite the newness of the city, the width of its streets and the few numbers of vehicles in it, it is extremely dangerous, especially to the lives of elementary school children in the city. Cars dash about the streets at crazy speeds, which results in many accidents in the city, including injury and death to elementary pupils. It is completely clear that there is not a single traffic policeman on any one of the city streets to direct traffic at the intersections. Therefore, artificial potholes must immediately be made in the streets, in order to limit the speed of cars and, consequently, protect the lives of the citizenry.

It is well known that al-Salam City has an industrial area. Despite that, there is not a single fire engine! Engines have to be called in from Misr

Jadid, and consequently, the contracting firms in the city provide their own extinguishing equipment.

## Telephones

The responsiveness of the Telephone and Telgraph Office is very minimal. When we entered the office at 1 o'clock in the afternoon, there was no one in the office. Even the Central operator was not there!

## Water Disruption

Water is constantly being cut off from the city at all hours. Housewives in the city stressed that. However, officials in the city stated that water was available at all hours.

Fatimah 'Abd al-Salam said: "Water is cut off daily and constantly from 7 o'clock in the morning until 4 in the afternoon. Then it begins to flow gradually, and is full of red sediment. It never reaches the top floors."

# Electricity Disruption Also

There is also a constant disruption of electricity in the city. There are many places where electric current has not reached. There are many apartments that are inhabited and have electricity but are without meters.

Qadariyah Sadiq said that she took over an apartment without an electric meter. She was asked to buy the meter at her own expense. This is a violation.

### We Live in a Tragedy

Muhammad Ahmad Husayn (an official) said: "We live in a tragedy and repeated comedies because services are not provided. The government centers have meat, but not for us. We cannot obtain it. The fish also is of imported types. There is no bolti or other Nile fish. These goods are only provided in the presence of a senior official who visits the city."

Muhammad Sa'id Qatb (a carpenter) said: "The problems from which we suffer include the meager quantities of meat and fish, which are inadequate for the population. This causes overcrowding in the government meat center, apart from the influx of contractor companies' workers into the centers to purchase consumer goods." Sina' Kamal said that she goes to the municipal meat center, but is unable to buy even one kilo of meat, because of the severe overcrowding, the influx of people from areas surrounding the city, and the presence of jobbers and agents. Therefore, she goes to the Thousand Houses area to buy her commodity needs. This is a problem for all the city's residents.

Housewives have demanded that a greengrocer's market be built in the center of the city, and that it is necessary for strict controls to be maintained over the government centers, with regard to distribution of subsidized consumer goods. Moreover, the areas of al-'Abd, al-Dalta and Asbiku suffer from not having a consumer center. Furthermore, the Atlas Two center must be opened,

along with the Egyptian Company for Fish Marketing and the Nile government centers.

The Bottled Gas Problem

The quantitites required of Butagas cylinders are not available. Frequently we find that it takes several days to obtain a cylinder, since 400 cylinders are not enough for the city's population.

Problems of Education

The city has an elementary school and a preparatory school. The primary school has been completely equipped, and the Ministry of Education has taken it over. However, so far, it has not been opened.

Despite the statements of officials in Cairo Province about the availability of schools at the various educational levels, there is not a single secondary school. Moreover, there are 45 students in the city at the general secondary level and 42 at the commercial secondary level. They have been placed in secondary schools close to al-Salam City. Furthermore, there have been many complaints about the management of the al-Salam primary school, and the fact that it will not accept students under 6 years of age, despite a law requiring that city children who are a few months less than 6 years old be accepted unless there were no places for pupils, and their classes were overcrowded.

They Kept My Daughter From School!

'Afaf Ramadhan Husayn said that she has a daughter named Warad al-Sham, whose age when she entered school this year was only 2 days under 6 years old. She presented her documents to the management of the school and paid the expenses (receipt number 00644371), and her daughter received books from the school. However, after a few days of study, the girl was forbidden to enter the school, and the reason was that she had been 2 days less than 6 years old.

One Room is Not Enough!

The biggest demand is that a citizen find an apartment in al-Salam City. All the residents in the city have this wish, without paying illegal bonuses or advanced rent. This is essential. Rents fluctuate between 7 and 18 pounds a month, according to the size of the apartment. However many families, whose accommodations in the city's residential areas have clashed with their dreams, have in fact found that their apartment has one room and a vestibule for a family of seven persons, on an average. Why is this?

Subsidizing Bus Lines

These are the concerns and problems of the residents of al-Salam City. Now we shall meet with those responsible for finding solutions to these problems.

The first meeting was with Engineer Habil Halwah, chief of the Board of Public Transportation. He said: "In the month of January, city autobus service will be provided, with the creation of new lines operating busses from the city to various areas in Cairo. There will be 10 additional busses, aside from the 18 busses currently operating in the city, on the two city bus lines. I believe that the present number of busses is adequate for the city's population, since the average number of passengers who use the busses is estimated at about 2000 a day. We are also trying to overcome the crowding during rush hours, with additional busses."

#### New Trams

The chairman of the board said: "A study has been made to establish a new tram line, connecting the city with Cairo. The project will cost 2 million pounds, and will be included in the next general fiscal budget. Implementation of this project will take about 18 months.

Husayn Sa'd Muhammad, director of the government fish center in the first area, said: "All fish are available, especially imported varieties. Every day, the city receives about two tons of fish. The varieties of fish available are mackeral, at a cost of 40 piasters a kilo, sardines at 35 piasters a kilo, fried herring at 145 piasters, and smoked herring at 110 piasters per kilo. This is sold in any private sector shop in any city for 5 pounds. However, bolti and other Nile fish are not available in the government center, but it is always requested."

Samir al-Sayyid Isma'il, director of the Atlas government center for consumer goods, said: "Goods are always available for residents of the Atlas district only. I cannot sell these goods to residents of the other districts, since they are connected with the government centers of their districts. I sell to the residents of the district, in accordance with the rental contract or an authorizing note from the Supply Office."

Al-AKHBAR went to the city Supply Office, where we met with the Office's deputy, Hamid 'Abd al-Baqi. We confronted him with the complaints of the citizens regarding their inability to obtain subsidized consumer goods from the government centers. He said: "There are five consumer centers in the city, and we try, as much as possible, to provide the necessary goods to the residents, such as frozen and local meat, rice, beans, lentils, eggs, cheese, etc. With regard to bad distribution of meat, fish and subsidized consumer goods, that is attributable to some confusion in distribution, as a result of an insufficiency of subsidized goods due to the influx of company workers and citizens of neighboring villages to obtain these goods. This leads to severe overcrowding of the government centers, especially in the first area, and consequently, an inability of some residents to obtain their requirements."

Tying the Residents to the Centers

He said: "Therefore, the city's supply office has sent a memorandum to the Ministry of Supply, advocating assigning the residents of the districts to the center nearest to their district. For example, the residents of the Atlas

One area could not buy from any other center. The connection with the center has been in accordance with the rental contract or an authorizing note from the Supply Office. I believe that this is the model solution to the residents of the districts obtaining their needs."

Opening Day for the City's Problems

"inally, there was a meeting with the man responsible for al-Salam City, Mayor Ahmad Shahin, who said: "I always hold open meetings with city residents, following the Friday prayers each week in the city mosque, to discuss their problems and to work toward finding suitable solutions for them.

Regarding problems of supply, electricity, water and transportation, there are absolutely no problems with the availability of anything. Regarding transportation, busses are available on the average of one every 15 minutes. During peak hours, we are asking the Board of Public Transportation for additional busses. Regarding drinking water, it is always available at all times. It is never shut off during the day.

"Moreover, there is no crisis regarding foodstuffs, since statistics show that al-Salam City has one-quarter the consumer goods available as Cairo!

The citizen in this city daily consumes about EL7 worth of foodstuffs. This is a high percentage of consumption.

"The city has a comprehensive clinic that operates 24 hours a day, as well as two first aid stations. However, it does not have a fire engine. Fire engines are called in from Misr Jadid. There is an industrial zone in the city, which has factories for textiles, marble, plastics, tiles and paper. We are trying as much as possible to hire residents of the city to work in these factories, in order to completely settle them in the city."

Pictures in the Square!

The mayor said: "We are currently attempting to serve the community through self efforts, to beautify the city by purchasing the projects of the students of the colleges of fine and applied arts, in order to decorate the major squares and streets of the city, instead of leaving them in warehouses.

"Moreover, we are currently working to hand over 150 commercial places to the public sector and 59 to the private sector."

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#### PROBLEMS RELATED TO FREE ZONES DISCUSSED

Cairo AKHIR SA'AH in Arabic No 2514, 29 Dec 82 pp 10-11

[Article by Suhayr al-Husayn: "What Is Going On in the 'Free Zones'?"]

[Text] Serious violations and losses are occurring in Port Sa'id and Madinat Nasr.

An important report report by the Central Accounting Office opens the books concerning the free zone.

Port Sa'id merchandise is in the markets without customs fees having been paid on it.

What is going on in the free zones? Have they achieved the purpose for which they were set up, which was to contribute to the process of development and stimulate trade with other countries?

Or have the free zones come to constitute a burden to the Egyptian economy in view of the smuggling operations which are going on there and due to the serious violations which are occurring there because of the open-door economic policy for consumers?

AKHIR SA'AH is hereby presenting to its readers some important and serious facts concerning the flagrant violations which are taking place in the free zones which have been mentioned in the report by the Central Accounting Office which was compiled by Dr 'Atif Sidqi, head of the Central Accounting Office, and was then submitted to the People's Assembly.

The report says the following: "The free zones have not been of service to the national economy. In fact, they have become a burden to our balance of payments. This is in spite of the fact that the objective of setting up free zones in developing countries is to establish industrial enterprises for the purpose of exporting and stimulating transit trade and commercial exchange with the other countries of the world—and this is something which leads to such a country receiving more foreign currency and provides more opportunities for its labor force.

"The free zone in Port Sa'id, for example, was established in 1975 in accordance with a decision made by the General Investment Authority. This free zone

is located 3 kilometers to the south of the center of the city of Port Sa'id, and it occupies a total area of 863,000 square meters. From the time that the free zone in Port Sa'id began operations in 1975 till 31 December 1981 it approved a total of 97 investment enterprises worth an estimated total of \$172.4 million. Of these enterprises, 59 are storage enterprises, 27 are industrial enterprises, and the others are enterprises involving refrigeration and services."

Remark: The enterprises in these free zones enjoy a number of benefits in accordance with Law Number 43 of 1974, which was amended in 1977, and they include the following:

- 1. Their imports and exports are totally exempt from customs fees and taxes.
- 2. The enterprises are exempt from all direct taxes for fees which enterprises inside the country are subject to.
- 3. The transactions which occur in the free zones and between them and other nations are not subject to the provisions of the laws controlling currency transactions.
- 4. Capital authorized to operate in the fee zones enjoys guarantees and benefits such as the fact that it is not permitted to nationalize or confiscate free zone enterprises.

Right now we will attempt to present an analysis and evaluation of the economic and social benefits which have accrued to the national economy as a result of establishing the enterprises in the free zone in Port Sa'id, and we will attempt to do this on the basis of the data available from the reports made by the Central Accounting Office.

Nothing Has Been Achieved!

But what has the free zone in Port Sa'id done for the national economy?

The answer is as follows: The free zone enterprises in Port Sa'id have resulted in added value in the form of wages for Egyptian workers and leasing fees and taxes amounting to only \$6 million. Consequently they have not resulted in an added value of even one-tenth of 1 percent of the value which it was their objective to achieve on the nationwide level in fiscal year 1981/82. The objective was to achieve an added value of 17.943 billion Egyptian pounds. It is also noted from the data available from the reports of the Central Accounting Office that 62.1 percent of the added value in 1981 derives from storage enterprises, and the most important of its elements is the 1 percent tax on business savings.

Another question is the following: What effect did transactions of the free zone enterprises with the Egyptian economy have on the balance of payments in 1981?

The data indicate that the free zone enterprises did not achieve any significant results in the area of providing sources of foreign currency for the

national economy. In 1981 they brought in a total of \$10.2 million, which equals 8.6 million Egyptian pounds. This equals only 0.13 percent of the total current revenues of foreign currency which Egypt received in fiscal year 1980/81.

Losses of 214 Million Egyptian Pounds

It is clear from the data that the total in national economy payments in foreign currency to the free zone enterprises in Port Sa'id amounted to about 223.5 million Egyptian pounds during 1981. At the same time, current revenues received through the enterprises set up during this same year amounted to only about 8.6 million Egyptian pounds. This represents a difference of 214.9 million Egyptian pounds, and this led to increasing the current deficit in Egypt's balance of payments in 1981!!

During 1981 storage enterprises exported \$218.8 million worth of goods to the domestic market, and this represented 82.3 percent of the total value of exports by the free zone enterprises to the domestic market during 1981. Consumer goods accounted for nearly half of what was exported to the domestic market by the storage enterprises. If one takes this into consideration, it becomes clear that the public free zone in Port Sa'id has contributed toward increasing the burden on Egypt's balance of payments instead of alleviating it, and this is something which is at variance with the objectives of establishing the free zone.

The reasons for this happening are perhaps, the fact that no industrial enterprises were set up in the free zone whose principal function was to export to foreign markets, the fact that the storage enterprises no longer attempt to stimulate transit trade, the fact that the exports of the free zone enterprises concentrate on the domestic market, and due to the slacking of imports and exports, and lastly the 3 percent tax on the added value of the services enterprises.

Remark: The officials in the public free zone in Port Sa'id reply to this as follows: The goods which were exported from the free zone enterprises to places inside the country were supposed to be imported either from the free zones or directly from foreign countries in order to meet requirements for customs fees and taxes as sources of revenue for the public treasury.

False Data

But what is the policy of the free zone in Port Sa'id concerning allowing enterprises to be set up there, and how does the free zone keep track of the implementation of their objectives?

First of all let us say that the importance of establishing public free zones in Egypt related basically to the purpose of increasing foreign currency revenues in order to alleviate the burden on Egypt's balance of payments. However, these free zones involve certain dangers and shortcomings. In this regard it is enough for us to mention that they are perhaps merely serving as channels by

means of which foreign goods are penetrating the domestic market and competing with locally produced goods—in addition to increasing the burden on Egypt's balance of payments instead of alleviating it.

This explains why the Central Accounting Office concluded by making a series of remarks concerning the free zones' policy concerning which enterprises were allowed to be set up as well as concerning keeping track of the implementation of the objectives of the enterprises. Some of these remarks are as follows: Some of the enterprises submitted investment requests which included inaccurate information and data concerning the possibility of exporting to foreign markets. The investors submitted studies to the free zone in Port Sa'id concerning the possibility of exporting to foreign markets. The investors submitted studies to the free zone in Port Sa'id concerning the enterprises which had been approved. Then after the enterprises were implemented, it turned out that the studies were inaccurate because these studies provided too high an estimate concerning the possibility of exporting to foreign markets. The result of this was that the economic benefits which were intended by the Investment Law were not achieved. The studies submitted by the industrial enterprises assured that the products produced by the enterprises would be exported to foreign markets. But after the enterprises were implemented it turned out that the exports were mainly sent to the domestic market.

# 30 Percent of the Government's Revenue!

Another remark: The public free zone participated in the process of channeling merchandise to the free city in Port Sa'id which was then disposed of in the domestic market, without the required customs fees being paid on these goods. It turned out that, in the case of 89.3 percent of the exports from the public free zone to the free city, the source of these exports was the storage enterprises which had imported 99.9 percent of the merchandise which had come to it from foreign markets during 1981. In accordance with the Free City Law, these goods were not subject to having customs fees being paid on them as they were shipped out of the public free zone. For this reason, and according to statistics compiled by the Customs Office, the government collected only 30 percent of the customs fees which were supposed to be paid on goods entering the country via Port Sa'id. This means that a certain percentage of the merchandise from the public free zone in Port Sa'id entered the domestic market after only nominal customs fees had been paid on it. This has a harmful effect on the national economy and allows foreign goods to illegally compete with our domestically produced goods. Furthermore, the importation of these goods puts pressure on the free currencies, and also means that the government loses a portion of the revenues which it is supposed to get from customs fees.

#### Where Is the Common Interest?

The third remark: Furthermore, one of the principles of the Investment Law is not being lived up to--which is guaranteeing the realization of the common interest of both the national economy and the investors.

During the first 3 years after the free zone in Port Sa'id was established, it granted more and more approvals for storage enterprises. By 31 December 1981

there were 59 such enterprises, and they occupied about 43.5 percent of the total area being used. It was noted that the results of the activity of these enterprises in 1981 indicate that the national economy was deprived of sources of revenue in the form of customs fees and taxes on business profits which amounted to more than the direct added value achieved by the enterprises which had been set up. This is something which is not in the interests of the national economy. On the one hand, they compete with the production [missing text] burdens on the value of the exemption from the business and industrial profits tax since the Investment Law exempts these enterprises, as long as they exist, from all types of taxes that enterprises inside the country are subject to. Also, the value of the customs fees which are supposed to be paid, and which are not being collected on merchandise which penetrates the domestic market from the public free zone via the free city, is estimated at about \$37.5 million.

From the above-mentioned it is clear that the direct added value which accrued to the national economy in 1981 was approximately \$26 million, whereas the revenue which the national economy was deprived of totalled \$37.5 million. This proves that the storage enterprises set up in the free zone in Port Sa'id, as of the present time, are not putting into practice one of the basic principles which the Investment Law is based on—that of guaranteeing the fulfillment of the common interest of both the national economy and the investors.

#### In Madinat Nasr

As for the public free zone in Madinat Nasr, by consulting the data of the Central Accounting Office we see that this free zone, from 1975 till 31 December 1982, approved 49 enterprises involving a total estimated investment of about \$103.8 million. Of this amount, \$75.5 million constitutes capital and \$28.3 million constitutes loans.

The public sector possesses 1.5 percent of the capital of the enterprises which have been approved, and it has not participated in any industrial enterprise. The Egyptian private sector, on the other hand, accounts for about 54.5 percent of the capital of the enterprises. Furthermore, about \$36.5 million of the participating capital is foreign capital. Statistics indicate that the share of industrial enterprises in the estimated total investment of the enterprises which began production by 31 December 1981 was only 49.8 percent. This is something which is not in keeping with the general policy of the free zone in Madinat Nasr since the objective of planning this free zone was that it primarily be an industrial zone.

Concerning evaluating the economic and social benefits achieved by the public free zone enterprises in Madinat Nasr, we find the following:

In 1981 the industrial enterprises in the free zone in Madinat Nasr contributed only to a very small degree toward increasing the demand for domestically produced raw materials and semi-finished goods available inside the country. The reason for this is that, during 1981, 10 of the 13 industrial enterprises which had begun production did not import raw materials from inside the country. Consequently, foreign currency had to be used for these imports which came from

outside the country. Three of the enterprises did not import raw materials from inside the country, but the value of these imports represented only 2.7 percent of the total imports in the case of the two enterprises. Commerce involving transit goods is considered to be one of the most important activities engaged in by the storage enterprises in the free zones. These enterprises perform the service of storing merchandise which is imported from the nations which produce or export the goods until they are reexported to the nations which import them. Operations connected with this commerce, such as transport, insurance, and clearing, bring several material benefits to the economies of nations on whose territory the free zones are set up. But, according to the data furnished, the storage operations in Madinat Nasr were not for the purpose of reexporting the goods to other countries. Statistics indicate that total exports by the storage enterprises in 1981 amounted to \$54.8 million. Only 5.5 percent of this total was exported to foreign markets, whereas 94.5 percent was exported to the domestic market.

This clearly proves the dangerous fact that the great majority of the storage enterprises in the free zone in Madinat Nasr are tantamount to being ware-nouses gor goods imported from foreign markets, most of which are then exported to the domestic market. Therefore these enterprises have not contributed to-terl increasing the country's revenues of foreign currency via marketing Egyptian products in international markets.

Remark: Officials in the public free zone in Madinat Nasr have replied to this by saying that one of the factors which has limited exports to foreign markets is the fact that the production of one of the enterprises is in demand in order to cover the needs of the domestic market. This is an enterprise which produces agricultural and industrial chemicals. Officials from this free zone, in their response to the Central Accounting Office report, also said that the Ministry of Agriculture concluded a 10-year contract with the enterprise, and one of the conditions of the contract is that the purchasing of the chemicals be done in local currency.

# Loss of 52 Million Egyptian Pounds

The statistics also indicate that the free zone's enterprises did not achieve any significant results in the area of bringing in sources of foreign currency for the national economy. In 1981 they totalled only 0.07 percent of the total current revenues in foreign currency for fiscal year 1980/81.

The data also show that the total in national economy payments in foreign currency to the enterprises of the free zone in Madinat Nasr was 58 million Egyptian pounds in 1981, whereas current revenues during that same year totalled about 5.1 million Egyptian pounds. This represents a difference of 52.9 million Egyptian pounds, and it led to an increase in the current deficit in Egypt's 1981 balance of payments.

If we take into consideration the fact that the storage enterprises in the free zones exported a total of \$51.8 million worth of goods to the domestic market in 1981—and these storage exports consisted of consumer goods—it becomes clear that the public free zone in Madinat Nasr contributed toward

increasing the burden on Egypt's balance of payments instead of alleviating it. This is something which is at variance with the objectives of establishing the free zone. The reason this occurred is that no industrial enterprises whose principal activity would be that of exporting to foreign markets were established in the free zone.

Investors Face Complications

Another question is: What is the added value to the national economy which has been achieved by the free zone in Madinat Nasr?

The answer is as follows: In 1981 the added value in the form of wages paid to Egyptian workers and the 1 percent tax and the 3 percent tax totalled about \$4.9 million. This is a figure which is inappropriate and not at all in keeping with what it was planned for the free zone to do.

It has also been noted that one of the most important factors which has led to delays in making decisions concerning requests by investors is the fact that the free zone has not undertaken to establish definite criteria on the basis of which it would be possible to select the enterprises which would be able to achieve the economic and social benefits intended by the Investment Law.

Furthermore, there were no lists of the enterprises which were needed to be established in the free zone--lists which would be prepared within the frame-work of the Foreign and Arab Capital Investment and Free Zones Law, in cooperation with the appropriate technical organizations. This was so till 31 December 1981.

It is also clear from the data available from the reports that the volume of production achieved and the size of the labor force utilized did not achieve the objectives set for them in accordance with the feasibility studies which were included in the investment requests approved by the Free Zone Administrative Board.

And finally, it also turned out that there was a lack of basic data available for the purposes of keeping track of and evaluating the benefits resulting from implementing these enterprises in the free zone. For example:

No data were available concerning actual investment expenditures connected with the enterprises. Most of the data rely on the estimated investments found in the investors' requests.

No data were available concerning actual production by the industrial enterprises in 1981, concerning actual wages in 1981, concerning the diversity of the sources of foreign currency in 1981, and concerning the share that Egyptians had of the profits which were earned in 1981 and the years before that.

From the above presentation and evaluation of the development of the volume and trends of investment in the enterprises of the free zones in Port Sa'id and Madinat Nasr, as well as of the benefit accrued to the national economy because

of these enterprises, we discover that from 1975 till the present day these free zones have only contrubuted toward increasing the burden on Egypt's Nai-ance of payments and consequently increasing the burden on our national economy!! This means that the economic benefits which were intended by the Investment Law have not been achieved.

Our last question is: What benefit is there in having this report by the Central Accounting Office which shows that there have been continual losses during the last few years?

Will next year's Central Accounting Office reports show that there will have been more such violations, or has the matter come to the point where it must be objectively dealt with for the sake of Egypt?

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CSO: 4504/172

## FACTS CONCERNING TABA DISPUTE DISCUSSED

Negotiator Interviewed Concerning Taba

Cairo UKTUBAR in Arabic No 324, 9 Jan 83 pp 16-17

[Interview with Ambassador al-Shafi'i 'Abd al-Hamid, assistant foreign minister for Egyptian-Israeli relations, by Usamah Ayyub: "Why Is It That Israel Withdrew From Taba in 1956, But Refused to Withdraw From It in 1982?;" date and place not specified]

[Text] When I went to meet Ambassador al-Shafi'i 'Abd al-Hamid, assistant foreign minister for Egyptian-Israeli relations, I had in mind a lot of questions concerning the most important Egyptian-Israeli problem at the present time. This problem is the problem of Taba, which Israel is still occupying and refuses to withdraw from.

What are the facts concerning the problem? How did this technical dispute concerning the border become transformed into a political issue? Why is Israel procrastinating concerning an Egyptian right which is confirmed by international and historical documents?

What is the nature of Egyptian-Israeli relations right now? Is it possible that the peace treaty will be transformed into being merely a nonaggression treaty?

There were many questions on my mind, and the person to answer them was the man who is chairman of the Egyptian team in the negotiations with Israel. Ambassador al-Shafi'i 'Abd al-Hamid made the following assertion: "The dispute between Egypt and Israel over Taba is not, in principle, a border dispute. It is a technical dispute."

[Question] But how did this dispute arise, particularly since the dispute concerns an international political border?!

[Answer] The Egyptian-Israeli peace treaty of March 1979 determined the international border line which separates the two nations. In Article 1 of the treaty the following was stipulated: "Israel shall withdraw all of its armed forces and civilian personnel from Sinai to the territory behind the international border which separated Egypt from Palestine under the British mandate,

and Egypt shall resume the exercise of its total sovereignty over Sinai." In fact, a joint Egyptian-Israeli committee was formed in compliance with the appendix dealing with military matters which accompanied the treaty, and the committee was formed to oversee the Israeli withdrawal operations. One of the responsibilities of the committee was to designate the line constituting the international border. But this committee ran into a problem concerning placing some of the border markers as a result of a dispute concerning the interpretation by the two sides. At some points it is a dispute of only a few meters, and in the largest area, which is the Taba area, it is a dispute of no more than 1,020 [1,200 probably intended as per second article] meters.

[Question] What are the legal and historical documents supporting Egypt's right to Taba?

[Answer] The October 1906 agreement between Britain and the Ottoman Empire set Egypt's eastern border as being a line extending from Rafah in the north to Ra's Taba [Cape Taba] in the south. The joint British-Egypian-Turkish committee set the border markers along this line by means of employing poles numbered from 1 to 91. Marker number 91 is still in place. Furthermore, international maps show that Taba belongs to Egypt. They include the map which accompanied the draft resolution for the partition of Palestine which was put forward by the UN General Assembly on 29 November 1949 [as published], and also include the map accompanying the truce agreement which was signed in Rhodes in 1949. In addition to these two maps, there are a number of other maps, all of which show that Taba is located in Egyptian territory. Without doubt the greatest and most recent historical proof of the fact that Taba belongs to Egypt, even from the Israeli point of view, is the fact that Israel withdrew from Sinai in 1956. The Israelis at that time withdrew from all of Sinai, including Taba. In other words, this withdrawal took place in accordance with the Egyptian understanding of what the international border was.

[Question] We know that, during the beginning of the border dispute concerning the Taba area and before the completion of the withdrawal, the 25 April 1982 agreement was arrived at. How can one explain and interpret this Israeli position vis-a-vis this agreement?

[Answer] When the dispute over the border between the two nations arose—and this was before the Israeli withdrawal from Sinai was completed—the agreement of 25 April had been made concerning the principles governing the situation in the area so that a final solution to the problem could be arrived at through a decision made by a reconciliation committee or an arbitration committee. Until this takes place, each side is supposed to refrain from encroaching upon the position of the other side. These principles are the following:

- 1. Israeli withdrawal to territory behind the line which Egypt considers to be the international border.
- 2. The presence of multinational forces and observers in the disputed area.
- 3. Israel shall not undertake any new construction in the area until a final solution is reached either through reconciliation or arbitration.

[Question] What is the difference between arbitration and reconciliation as approaches toward reaching a solution to international disputes?

[Answer] Reconciliation is the process of bringing two different points of view closer together and involves no adherence to the law or to documents. Arbitration, however, is a purely legal process which is subject to legal evidence, documents, and records. Furthermore, arbitration is binding for the parties involved. Before resorting to either of the two approaches, it is necessary that both nations involved in the dispute sign an agreement called the "agreement concerning conditions" [musharatah]. This agreement determines the procedure, programs, dates, and rules for the meetings held following either of the two approaches. However, Israel rejects both reconciliation and arbitration, refuses to be bound by the stipulations of the peace treaty and the 25 April 1982 agreement, and continues to reject all of the plans proposed to solve the dispute diplomatically.

[Question] This brings up an important question. If the Taba problem is a technical dispute, what is it that is making it a political dispute? In other words, why is Israel trying to make it a political issue?!

[Answer] Israel is attempting and striving to utilize the Taba issue as a means of applying pressure on Egypt because Israel realizes that no Egyptian can renounce even one inch of Egyptian territory. For this reason Israel is now demanding that the Taba issue be linked to bilateral relations between the two countries. By doing this, Israel is linking together matters which, politically and legally speaking, are of a different nature. At the same time, Egypt began its efforts toward achieving peace in the certain belief that all disputes could be settled and that agreement could be reached concerning them by means of negotiations, constructive dialogues, reconciliation, and arbitration. Also, as we all know, Israel is not able to survive without there being tension in the area because whenever it creates tension in the area this enables it to receive a check from the U.S.

[Question] In view of this Israeli obstinacy and in view of Israel's rejection of all of the plans which have been proposed to reach a peaceful settlement, how, in your opinion, will the Taba issue be solved?!

[Answer] Egypt has both diplomatic and legal means which can guarantee the protection of its rights. Egypt has stood up to Israeli attempts to encroach upon Egypt's established rights in Taba. Egypt is also continuing to reject the Israeli presence in the disputed area. Egypt is also keeping track of what is going on in the Taba area and is taking measures to deal with any Israeli action which encroaches upon the rights of Egypt--measures which serve to limit Israel's freedom of action. Let me repeat that Egypt has diplomatic and legal means which guarantee the protection of its rights.

[Question] In view of the fact that Israel is continuing to take a hard line approach and in view of the fact that Israel is acting as an obstacle to the peace process in the area, there are those who are saying that the peace treaty between Egypt and Israel has become merely a treaty of nonaggression. As the assistant foreign minister for Egyptian-Israeli relations, what is your opinion about this?

[Answer] There is no doubt that adherence by both Egypt and Israel to the peaceagreements which both of them have signed is the basic foundation for effort... to achieve peace in the area. However, the mere proclamation of adherence to the provisions of the peace agreements without this being reflected in the actual behavior of the parties involved causes this commitment to be devoid of its real meaning and content. In the peace agreements both Egypt and Israel have committed themselves to strive toward a just, comprehensive, and permanent settlement of the Middle East problem. Both parties have declared their realization of the fact that the requirement for achieving permanent beace is that it embrace all of those who suffered most deeply as a result of the conflict. This is why any measures taken which serve to undermine the principles of a just settlement in the area will inevitably negatively affect relations between the two nations. However, this does not change the legal nature of the agreements which have been documented, especially since, right now, there is a prevailing trend in the area to achieve peace and this trend must be exploited. However, the objective is to achieve real peace which will guarantee the legitimate rights of the Palestinian people and not a peace based on violence, killing children and innocent people, and ignoring the principles of international law and the peace agreements.

[Question] Once again I find myself forced to bring up the subject of Taba, since I have one last question concerning it. What is the strategic value of the Taba area?

[Answer] We here in the Ministry of Foreign Affairs are not concerned with the Strategic value because this is a matter to be dealt with by the military organizations and establishments in the government which are concerned with strategic matters. As for those of us in the Ministry of Foreign Affairs and who are involved in the negotiations, it is primarily a matter of Egyptian sovereignty over Egyptian territory, and our view is that each grain of sand is a grain of Egyptian sovereignty. This is a position which we can never renounce.

and of interview

As I was collecting my papers and leaving the assistant foreign minister, I was very happy about this simple and profound answer which he had given to the last question. As I left his office, I kept hearing the phrase ringing in my ears: "Each grain of sand is a grain of Egyptian sovereignty."

No one can renounce a grain of Egyptian sovereignty, that is, no one can renounce a grain of Egyptian sand.

Facts Concerning Taba Presented

Cairo AL-AHRAM in Arabic 26 Jan 83 p 3

[Article by Muhammad 'Abd al-Mun'im: "The Truth About Taba, and the Stor; of a Dispute Over 800 Meters"]

[Text] We should all realize that there are numerous parties which are carefully studying all of our achievements as well as our circumstances and situation in order to find a gap by means of which they can penetrate our lines in order to

incite and stir up Egyptian domestic public opinion. For this reason, if they do not discover any such gap, they create one. It is within this framework that the Taba issue exists, and those creating the problem are showing absolutely no concern for the consequences which might result from this fabrication and exaggeration of positions which encroach upon profound national feelings. This is why it is necessary for all of us to know the real dimensions of the Taba issue--minus all the fabrication and exaggeration surrounding it. And when do these dimensions constitute a crisis?

Taba constitutes the southern boundary of the international border between Egypt and Palestine.

In the 1906 agreement the Taba border point was set on the top of a hill in the area, and it was known as "border point number 91." After the June 1967 war and then the October 1973 war, the peace treaty between Egypt and Israel stipulated that Israeli forces withdraw behind the line which represents the border between Egypt and Palestine under the British mandate.

Israel, as we know, made its withdrawal in stages which involved withdrawal from all of the territory of Sinai (about 61,000 square kilometers), and there was no dispute between the two countries or concerning the stipulations of the treaty until the last stage of the withdrawal came--and then the Taba business began.

The conflict consists of a dispute involving the points of view of the two countries concerning border point number 91. Egypt says that the line which represents the international border, according to the 1906 agreement, passes north of border point number 91, whereas Israel says that the line representing the border passes south of this point.

As a result of this, the line representing the border between the two countries, which runs between point number 90 and point number 91, either inclines toward the north in accordance with the Egyptian point of view or inclines toward the south in accordance with the Israeli point of view. If the line runs to the south then this means that 800 additional meters of the coastline of the Gulf of 'Agaban (that is, approximately the length of the Al-Jami'ah Bridge [in Cairo]) become part of Israeli territory.

The border points between Egypt and Palestine are old border points, the new corder points are ones which have been constructed as very large and permanent installations, and there have been constant battles between Egypt and Israel during which military forces have repeatedly passed through these points. For this reason the dispute arose between the two countries, it has been restricted to precisely this area, and the two sides have resorted to old historical sources in particular the 1906 agreement.

The two sides have realized that the problem is a purely technical one and can be resolved by means of consulting documents and records. They have agreed to resort to reconciliation and arbitration in order to decide the dispute concerning this patch of territory which currently is called a "no man's land."

The thing which has inflamed the situation is that Israel has built a large hotel in this area and proceeded to put it into operation after the last stage of the withdrawal of the Israeli forces from Sinai. So far it appears that the problem revolves around an area inclining toward the south from burder point number 90, and the area is greatest along the Gulf of 'Aqabah where it is 800 meters long (with the length being 0 meters at border point number 90). And we know that the distance between border point 90 and border point number 91 is 1,200 meters.

So far the dispute between the two countries over this area is still going on. It should be mentioned that there was a similar dispute which occurred concerning the Rafah area. During this dispute the Egyptians held to the letter of the law exactly and took a hard line approach—so much so that one Israeli official said: "The Egyptians are determined to regain their territory—and they do not want either a single centimeter more or a single centimeter less than what is theirs."

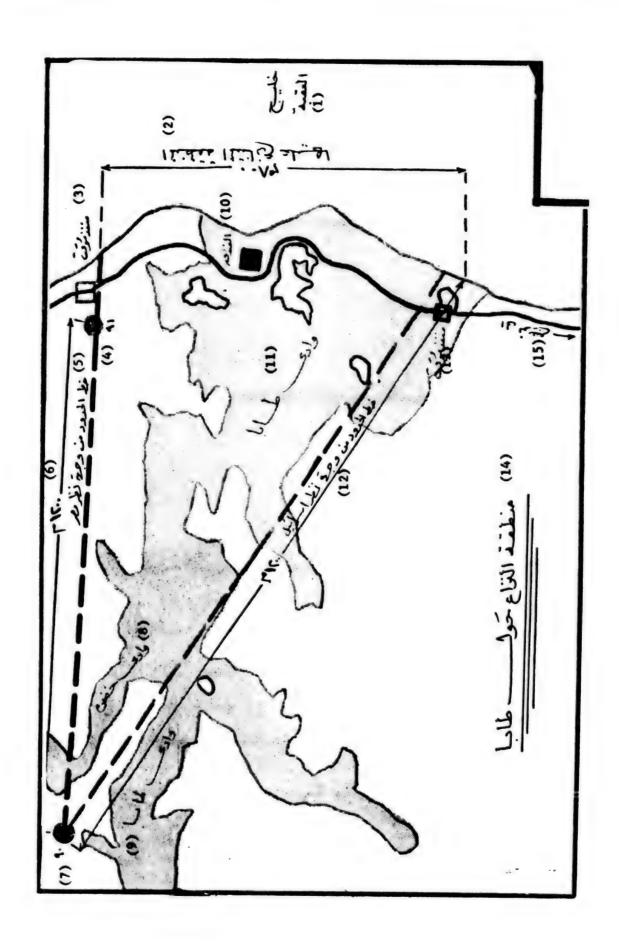
This is exactly what happened in the Rafah area, and we did regain every centimeter of Egyptian territory. We were aided in this by the clear markers in the area which determined the line representing the border, and because of this there could be no dispute.

But as far as Taba is concerned, the dispute is still going on and has not yet been decided. What has happened is that the hardliners and people in the opposition—especially those who oppose peace between the two countries—have seized this opportunity and begun to inflate the situation and cause people to have doubts. They have done so knowing that border problems are something which exist everywhere in the world, both east and west, and in some cases they involve huge areas and even entire islands in some areas, rather than a mere 800 meters as is the case with Taba.

One must understand that a few meters can be of more importance than hundreds of kilometers if they involve an important strategic location. I asked one prominent expert in military strategy concerning Taba, and he assured me that this location is of no strategic importance to either of the two countries. However, it appears that there are people who want to inflate the importance of the situation in order to create tension in the area and basically to affect the peace process—which is encountering opposition in many of the nations in the area, and even in Israel itself.

On the basis of the experience which Egypt had with Israel in the Rafah area, which ended with Egypt regaining every centimeter of its territory and renouncing all other territory which belongs to the Palestinians, Egypt is following the same principle with regard to Taba, even though Taba may not be of any particular importance.

Since Taba is currently a matter of dispute, the principle of reconciliation and arbitration will be the decisive factor in the issue, and Taba will become a problem and even a crisis if arbitration concludes that Taba is Egyptian territory and Israel refuses to recognize this decision.



Map showing disputed Taba area

In that case Taba will be transformed into a crisis, even though the area involved might be only 1 meter. But before this happens—that is, during the stage of the dispute when justifications, documents, and points of view are presented—we should not dance to the tune of those who do not wish us well and do not wish us to have stability.

Key: 1. Gulr of 'Agabah

- Disputed territory (800 meters)
- 3. Temporary gate
- 4. Marker 91
- 5. Border line, according to the Egyptian view
- 6. 1,200 meters
- 7. Marker 90
- 8. Wadi Khudrah
- 9. Wadi Taba
- 10. Hotel [Son sta]
- 11. Wadi Taba
- 12. Border line, according to the Israeli view
- 13. Temporary gate
- 14. Dispute area around Taba
- 15. To Nubi'

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#### BRIEFS

LEAGUE ABOLISHED--Cairo, 27 Feb (MENA)--It has been decided to abrogate the League of Islamic and Arab Peoples after having fulfilled its purpose and after the reasons for its establishment ended and after it has become necessary to cope with the new situation and direct the resources and potential available to the league to serve the goals commensurate with the nature of the future stage. Publishing this in its issue tomorrow, the weekly paper MAY says that President Muhammad Husni Mubarak has issued a decree annulling republican decree No 1933 issued on 6 October 1980 on the establishment of the League of Islamic and Arab Peoples constituent assembly. The decree entrusts the foreign minister with the task of executing the abrogation and empowers him to issue the necessary decisions. [Excerpt] [NC272232 Cairo MENA in Arabic 2155 GMT 27 Feb 83]

ECONOMIC DELEGATION ARRIVES IN CAIRO--Cairo, 28 Feb (MENA)--A Yugoslav economic delegation arrived here early today led by the deputy premier and industry minister for a few days' visit to Egypt to attend the meetings of the joint Egyptian-Yugoslav economic committee. The meetings will deal with the future of economic cooperation between the two countries, especially in the implementation of water and sanitary drainage projects in the governorates, and in setting up joint tourist ventures and completing the land reclamation project of Wadi al-Malak. The two sides will also study means of developing the volume of trade exchange between Egypt and Yugoslavia preliminary to signing the 15th protocol on economic and technical cooperation. [Text] [NC280738 Cairo MENA in English 0715 GMT 28 Feb 83]

SOUTHEAST ASIA ENVOYS--Minister of State for Foreign Affairs Dr Butrus Ghali today held a meeting with the ambassadors of the Association of Southeast Asian Nations [ASEAN] accredited in Cairo. The association comprises Indonesia, Singapore, Thailand, the Philippines and Malaysia. During the meeting they discussed the issues which will be debated by the nonaligned states conference in New Delhi, coordination between Egypt and the ASEAN states, cooperation for guaranteeing the independence and effectiveness of the nonaligned movement together with its role in serving world peace and development efforts. [Text] [NC271145 Cairo MENA in Arabic 1130 GMT 27 Feb 83]

GHALI MEETS SPANISH FOREIGN MINISTER--Rome, 28 Feb (MENA)--Minister of State for Foreign Affairs Dr Butrus Ghali met here this evening with Spanish Foreign Minister Fernando Moran, who is currently visiting Italy. The two sides reviewed the situation in the Mediterranean area and the subjects which will be raised in the forthcoming nonaligned conference in New Delhi. [Text] [NC281954 Cairo MENA in Arabic 1905 GMT 28 Feb 83]

SUDAN INTEGRATION EXTOLLED -- Sudanese President Ja'far Numayri today received Dr Subhi 'Abd al-Hakim, chairman of the consultative council, and the delegation accompanying him on a visit to Khartoum to participate in the meetings of the National Congress of the Sudanese Socialist Union. Dr Subhi 'Abd al-Hakim has emphasized that the Egyptian-Sudanese integration charter is aimed at coordinating the policies being pursued by the two states in international relations and at organizing the defense of the two countries, because Egypt's security derives from Sudan's security and Sudan's security os contingent Un Egypt's security. Dr Subhi 'Abd al-Hakim also affirmed in a speech that he made today at the fourth session of the Sudanese Sociaist Union that the News charter consolidates coherence between the sons of the two countries on all official and popular levels. Furthermore, this charter is aimed at the establishment of an economic unity that ensures advancement and prosperity for the compatriots of the two countries. The consultative council chairman also lauded the political program that has been announced by President Numayri for his second term of office during the next 6 years. The chairman described this program as constituting a new stride on the path of the Sudanese revolution. [Text] [NC282044 Cairo Domestic Service in Arabic 1830 GMT 28 Feb 83]

FINNISH FOREIGN MINISTER VISITS—Cairo, 26 Feb (MENA)—The Finnish foreign minister arrived here this afternoon on a few days' private visit to Egypt. He was welcomed at the airport by master of ceremony at the Foreign Ministry Yahya Rif'at and the Finnish ambassador here. [Text] [NC261332 Cairo MENA in English 1328 GMT 26 Feb 83]

EGYPT STANDS WITH SUDAN--Deputy Prime Minister and Minister of Defense Marshal 'Abd al-Halim Abu Ghazalah has declared that Egypt will stand on Sudan's side against any foreign aggression in accordance with the joint defense pact concluded between the two countries but that there was no indication, or possibility, that Sudan is threatened by any act of aggression at present. Marshal Abu Ghazalah, after attending the meetings of the Egyptian-U.S. committee for planning and armament at the premises of the armed forces general headquarters yesterday, said that military integration between Egypt and Sudan does not need ministerial committees as long as there is an all-embracing joint defense pact between the two sister countries. He said that he will leave for Sudan tomorrow to attend the higher council for integration in his capacity as council member. [Unattributed report: Marshal Abu Ghazalah: We Will Stand With Sudan Against any Aggression; Work Teams to Discuss Our Needs for U.S. Weapons"] [Excerpt] [PM241731 Cairo AL-AHRAM in Arabic 21 Feb 83 p 1]

SHAM'UN CONCLUDES 5-DAY VISIT--Cairo, 22 Feb (MENA)--Lebanese former President Camille Sham'un left here today, winding up a 5-day visit to Egypt. In a predeparture statement, Sham'un paid tribute to President Busni Mubarak's policy, especially with regard to Lebanon, and his persistence on the necessity of the withdrawal of the foreign troops form Lebanon. He also stated that there was a strong wish on the part of the Lebanese Government and people to restore diplomatic relations between Egypt and Lebanon. He also called for Egypt's return to the Arab League for the sake of resolving all Arab disputes. While here, the former president held talks with State Minister for Foreign Affairs Dr Butrus Ghali and director of the presidential office for political affairs Dr Usamah al-Baz on the mideast situation and the developments in Lebanon. [Text] [NC221659 Cairo MENA in English 1525 GMI 22 Feb 83]

INDIAN VICE PRESIDENT RECEIVED -- Cairo, 24 Feb (MENA) -- Prime Minister Dr Iu'ad Muhyi al-Din this morning received in his office Indian Vice President Mohammad Hidayatullah and the delegation accompanying him. Justice Minister Mamduh 'Atiyah, head of the escort mission accompanying the Indian guest, attended the meeting. After the meeting, Dr Muhvi al-Din said the talks dealt with the nonaligned summit scheduled to convene in New Delhi next month and the two countries' role in this conference. He stressed that the role of Laypt and India in this conference is very important, because they are founder members of this movement and will play a basic role in this conference to keep the nonaligned movement truly nonaligned. Dr Muhyi al-Din also said the Indian vice president praised Mubarak's positions in safeguarding the real identity of the nonaligned movement. He said the meeting also dealt with means of bolstering bilateral relations, especially in the economic and trade fields and the possibility of expanding trade volume, particularly since there are great opportunities in India, which is an advanced country industrially and scientifically. [Excerpt] [NC241125 Cairo MENA in Arabic 1030 GMT 24 Feb 83]

SIX-DAY INDIAN VISIT CONCLUDED--Cairo, 25 Feb (MENA)--Indian Vice President Mohammad Hidayatullah left this morning for home, winding up a 6-day visit to igypt. Hidayatullah held talks while here with senior officials on bilateral ties and the promoting of the non-aligned movement. Premier Dr Fu'ah Muhyi al-Din led officials seeing the Indian guest off at the airport. [Text] [NC250822 Cairo MENA in English 0805 GMT 25 Feb 83]

MINISTER LEAVES FOR PRC--Cairo, 24 Feb (MENA)--Tourism and Civil Aviation Minister Tawfiq 'Abduh Isma'il left here this morning for Peking starting a fortnight tour of China and Japan. In China, the minister will attend a conference on developing the tourist areas due to open on Saturday. The conference is annually held there and attended by a great number of tourism experts. The tourism minister will also hold talks with officials on both countries on means of activating tourism to Egypt. [Text] [NC240914 Cairo MENA in English 0845 GMT 24 Feb 83]

MINISTER LEAVES FOR SFRY--Cairo, 24 Feb (MENA)--State Minister for Agriculture and Food Security Dr Yusuf Wali left this morning for Belgrade on a few days' visit to Yugoslavia. Wali will hold talks on means of fostering cooperation between Egypt and Yugoslavia in the fields of agriculture, food security and agricultural mechanisation. [Text] [NC240831 Cairo MENA in English 0815 GMT 24 Feb 83]

DELEGATION TO NONALIGNED CONFERENCE—Cairo, 20 Feb (MENA)—It has been decided to form the official delegation of the Arab Pepublic of Egypt to the nonaligned states foreign ministers conference, which will begin in New Dehli on 3 March and will be followed by the seventh nonaligned summit, as follows: Deputy Prime Minister and Foreign Minister Kamal Hasan 'Ali will lead the delegation, which will include Minister of State for Foreign Affairs Dr Butrus Ghali, Ambassador 'Imran al-Shafi'i, Assistant Foreign Minister Ambassador Sa'd Khalil, 'Abd al-Halim Badawi, director of the foreign ministry organization department, and Egypt's ambassador in New Delhi Nabil al-'Arabi as members. The delegation will also include Ambassadors Hasan Jad al-Haqq, Sa'd al-Fararji, Sayyid Abu Zayd, 'Amr Musa and Ra'uf Ghunaym. It will also include Minister Plenipotentiary Ahmad al-Ghaydh and counsellors Marwan Eadr, Muha Fahmi, Majidah Shahin

and Jihad Meil. 'Ali and the delegation accompanying him are scheduled to reave Cairo early next month to attend the conference. Some experts in the delegation headed by Ambassador 'Imran al-Safi'i will precede 'Ali and the delegation to New Delhi. [rext] [NC201604 Cairo MENA in Arabic 1510 CMT 20 Ter B3]

Foreign Affairs Dr Butrus Chali has declared that Egyptian diplomacy will endeavor by all means to bring about the success of the nonaligned summit conference, which is due to take place in New Delhi on 7 March, on the basis of Egypt's faith in the significance of the nonaligned movement and the necessity of supporting its member states in their struggle for independence and their countries' economic development. In a press statement today, the minister of state for foreign affairs said: We hope that New Delhi conference will be a new push for the nonaligned movement and that it will try to bolster cooperation and deepen dialogue between the north and south. [Text] [NC241447 Cairo MENA in Arabic 1415 GMT 24 Feb 83]

MESSAGE FROM ROK RECEIVED--Cairo, 24 Feb (MENA)--Minister of State for Foreign Affairs Dr Butrus Ghali today received a message from the South Korean Foreign Affairs Minister Yi Pom-sok. The message, which contains the South Korean stance on raising the Korean problem during the coming nonaligned conference, was handed to Ghali by the South Korean consul general in Cairo Jal [name as received] during their meeting today. [Text] [NC241506 Cairo MENA in Arabic 1416 GMT 24 Feb 83]

DELEGATION RETURNS FROM AFRICAN TOUR--Cairo, 24 Feb (MENA)--An Egyptian Foreign Ministry delegation under the chairmanship of Ambassador Salah Basyuni returned to Cairo tonight following a tour of Nigeria, Benin, Togo and Ghana. Upon crival, Ambassador Salah Basyuni declared that during the tour, they discussed the problems facing the OAU and that it was agreed to support the 12-member committee's resolution on holding the coming OAU summit conference in Addis Ababa. He added that he handed messages from the Minister of State for Foreign Affairs Dr Butrus Ghali to the foreign ministers of the four African states and that the delegation discussed Egypt and their countries, in the various domains. [Text] [NC242148 Cairo MENA in Arabic 2020 GMT 24 Feb 83]

MESSAGE FROM DPRK KIM IL-SONG--Cairo, 24 Feb (MENA)--President Husni Mubarak has received a message from DPRK President Kim Il-song dealing with bilateral relations and ways of strengthening the nonaligned movement. Mubarak received to the first his meeting today with DPRK ambassador in Cairo Kang Man-su. [Text] [NC240920 Cairo MENA in Arabic 0905 GMT 24 Feb 83]

OFFICIALS LEAVE FOR SUDAN--Cairo, 25 Feb (MENA)--Dr Subhi 'Abd al-Hamid, chairman of the consultative council, and 'Abd al-Ahad Jamal al-Din, chairman of the higher council for youths and sports, tonight left Cairo for Khartoum for a 2-day visit to Sudan. Dr Subhi 'Abd al-Hakim stated that the purpose of the visit is to participate with the national party in the general national congress of the Sudanese Socialist Union, which will begin its work tomorrow, Saturday, and which will last 6 days. Dr Subhi 'Abd al-Hakim described the conference as an important political event in Sudan, because it is held once every 3 years and also because it includes 2,000 members of the Sudanese political leaderships. [Text] [NC250720 Cairo MENA in Arabic 2307 CMT 25 Feb 83]

# NEW LAW ON COOPERATIVES DESCRIBED TO PARLIAMENT

Rabat AL-'ALAM in Arabic 13 Feb 83 p 6

/Article: "Our Brother M'Hamed Douiri's Presentation to the Justice and Legislation Committee of Parliament on the Draft General Charter Law on Cooperatives and the Tasks of the Cooperative Development Bureau"/

/Text/ The secretary general of the Ministry of Planning, Personnel Training and Vocational Training, acting on behalf of our brother M'Hamed Douiri, presented the Committee on Justice and Legislation of parliament a review of the draft of the law bearing on the general charter statute on cooperatives and the tasks of the Cooperative Development Bureau. The review included a brief summary of the development of the cooperative system in Morocco and the type of problem it faces. It also described the important role which this sector is playing in economic and social development.

He stressed that this law draft, as well as consolidating Moroccan legislation, will contribute to the process of economic and social takeoff and the construction of the Morocco of 2000. The presentation addressed itself to a description of the chapters of the draft of the law.

At the beginning of the presentation, he underlined the cooperative movement's influence in dealing with economic problems in the various countries of the world and its contribution as a means for limiting migration from rural areas, reducing social differences, combating illiteracy and developing personal savings. The review then dealt with an analysis of the strong place of cooperative activity in Moroccan society, enjoying the restraints of the Islamic spirit. After independence, His Majesty King Mohamed the Fifth gave the cooperative movement a status that was appropriate to it, and his majesty's speeches on 1 July, 31 October and 9 November 1959 dealt with it. Cooperative activity in the era of His Majesty Hassan the Second has received a basic impetus through his majesty's directives in the speeches of 8 January 1969, 12 May 1959 and 19 September 1972 and through the important measures the government took to establish a government agency which is concerned with cooperatives, the Cooperative Development Bureau, in 1962, and to establish central departments in the ministries to guide the cooperatives. In addition, allocations have been made to subsidize the cooperatives, on top of tax exemptions.

The presentation stated that the cooperatives total 3,200 in number, accommodating 300,000 cooperative members working in the sectors of agriculture, traditional industry, ocean fishing, housing, mines, retail trade and consumption, and that it is expected that a number of cooperatives will have been established at the end of this plan. It specified the amount of the investments allocated to the cooperative sector at more than 78 billion (centums).

A chapter concerning the most prominent cooperative achievements has been devoted to the cooperative movement in the special report on the annual accomplishments of the current 5-year plan.

The presentation then reviewed the current status of Moroccan cooperative legislation. It stated that the laws that are in effect in this field, except for legislation bearing on agrarian reform, can be characterized by obsoleteness, unsuitability and a lack of comprehensiveness.

Laws Issued in the Era of the Protectorate

In addition, with regard to their obsoleteness and unsuitability, most Moroccan cooperative laws are distinguished by having been issued in the era of the protectorate. There is the legislation on consumer cooperative activity issued in 1922, the legislation on agricultural cooperative activity issued in 1935 and 1939, and the legislation on craft cooperative activity issued in 1938. This legislation, besides being too old, is not in keeping with cooperative members' hopes of having the cooperatives receive a part in development efforts. The 1938 legislation, for instance, does not permit the establishment of federations in the craft cooperative sector, and it gives importance to capital at the expense of persons, which contradicts the basic principles of cooperative activity. As for the lack of comprehensiveness, this means that it is not possible to found a cooperative in a given sector unless that sector has legislation which will allow that. This has obstructed the growth of cooperatives and had prevented them from being established in such vital social sectors as transportation, tourist activity, lending and savings, and so forth. In addition, these laws take a fragmentary view of cooperatives, as if their tasks were temporary ones unrelated to long-range planning. In addition they have not given maximum importance to such theoretical aspects as definitions and principles and they have also totally neglected the social and educational role of cooperatives.

Chapters of the Drait

The draft general chart on cooperatives and the tasks of the Cooperative Development Bureau contains 104 sections, broken down into 13 chapters, as follows:

Chapter One

This concerns general provisions on the definition of cooperatives, a statement on the basic principles that must be applied and followed and a definition of cooperative purposes and goals, as well as their cooperative statute and the requirements whichmust be met in their charters.

# Chapter Two

This is connected to the forms in which cooperatives may be established, guidelines on the granting of permits, including the necessity that the Cooperative Establishment Department provide permission and the need to convene a charter general assembly.

# Chapter Three

This discusses membership in cooperatives, for instance, the determination of the minimum number of people that they must contain and the method and conditions for admitting legal and actual persons. It also shows the conditions and measures by which members may withdraw, the possibility of removing them, the recovery of the shares they have contributed, and their commitments following withdrawal.

Regarding Chapter Four, this contains requirements related to cooperative capital--what that consists of, the manner by which it can be changed, the conditions for relinquishing and transferring shares, and the compensation that can be allocated for these shares.

# Chapter Five

This talks about the organization and facilitization of all requirements related to the general assembly: What it consists of, its powers, its types of meetings and their areas of specialization, the people who have the right to call it to a meeting, the forms of this call, the obligation of setting forth an agenda, the place of the meeting, and the requirement that all members be present. It also contains specifications on the right to vote, and the requisite quorum and majority. This chapter also contains the requirements bearing on the board of directors in terms of the conditions that have to be met by its members, the number of members, the possibility of removing and replacing them, the period of their terms, and the definition of their responsibilities and powers. It also spells out the number of meetings the board of directors can hold, the manner of calling for meetings to be held, the persons who must be called and also the quorum and majority that are necessary for its resolutions to be valid.

This chapter also refers to requirements bearing on the appointment of directors for cooperatives and the definition of their areas of specialization, as well as the need to prepare bylaws by which cooperatives are to be run.

# Regarding Chapter Six

This contains financial provisions related to activities for terminating the fiscal year, accounts, rules for keeping the accounts, provisions bearing on account auditors, in terms of their appointment and responsibility, and other provisions concerned with amendments added to the tasks and resources of the Cooperative Development Bureau.

With Respect to Chapter Seven

This includes the aid and oversight imposed on cooperatives by the management.

As Regards Chapter Eight

This concerns the merger, dissolution and liquidation of cooperatives and cases when permits are to be withdrawn from cooperatives.

Then Chapter Nine

This spells out the types of direct and indirect taxes from which cooperatives are exempt.

In Addition, Chapter 10:

This contains mandatory provisions requiring that the name "cooperative" be protected and that anyone who uses it arbitrarily be punished.

As for Chapter 11

That contains requirements related to cooperative federations, such as the definition of the minimum number of cooperatives that can found a federation for themselves, the method of running such a federation, the right to vote in it and responsibilities within it.

As Regards Chapter 12

This rounds out the structure of the composition of the cooperative movement by permitting it to establish a national league of cooperatives containing all the federations.

The Final Chapter

This specifies the transitional provisions and the measures that must be carried out by the cooperatives after the issuance of the general charter, which will have a copy of all the laws on the sector that are in effect. It provides cooperatives in existence on the date of its publication a period of 24 months to correct their circumstances and comply with its provisions, by depositing their charters with the Cooperative Development Bureau with the objective of obtaining permits.

The stipulations exempt agrarian reform cooperatives from this procedure.

Advantages of the New Draft

The new requirements contained in the charter on cooperatives consolidate the legal context of the Moroccan cooperative movement and bring it into harmony and make it conform to and suited to the development that is taking place in

all economic and social fields. These provisions also present requirements for transcending existing deficiencies and gaps in the current laws.

Among the contents of this draft are:

Its definition of cooperatives.

Its enumeration of the basic principles of cooperative activity.

The fact that it embraces all fields of human activity.

Its protection of the use of the expression "cooperative."

The very clear prominence it gives to the role of various departments.

Its definition of the types of taxes from which cooperatives are exempt.

Its structural outlining of the Moroccan cooperative movement.

With respect to the definition, a confusion is often made between cooperatives and other organizations, such as companies and societies, for instance. That may be attributed to the absence of a clear definition of cooperative activity in stipulations that are in effect. Therefore the first section of the general charter defines cooperatives as groups made up of natural persons who have agreed that they should join together to establish a project whose purpose will be to make it possible for them alone to obtain the products and services that they need and which will be operated and managed in accordance with the basic principles for attaining the goals stipulated in this law. In another area, in an exceptional manner,

"People concerned who meet the conditions stipulated in this law may become members of a cooperative."

Regarding Cooperative Principles

These are considered to be the bases which distinguish cooperatives from other similar groupings and which must be honored and applied in running a cooperative, lest the cooperative be encumbered with decrees that deprive it of this character and the privileges derived from it.

It is worth pointing out that these principles are recognized by the International Cooperative Alliance, which various cooperatives in the West and the Eastern Bloc belong to.

The freedom to join or withdraw from a cooperative, in accordance with the objective conditions that the cooperative sets out. There is no compulsion in joining or coercion in staying in; this principle is called the open door.

The member's right to vote at general meetings, and the fact that he has one vote, however many shares he might own in the cooperative. This indicates

equality for all and the democratic nature of cooperative management, since it is in the power of every member to reach a position of responsibility within the cooperative. This is the secret behind the stipulation placed in the draft that one-third the members of the board of directors of the cooperative are to be changed at the beginning of each year.

The distribution of profits on capital. If capital is not to be reimbursed in principle, that is because importance is given primarily to the individual as an individual: what is the purpose in distributing these profits, except to encourage members to subscribe to the capital in order to increase it or to accumulate savings inside the cooperative, so that it will be able to provide self-financing? Here one must point out that this profit must not exceed 6 percent, starting with the third share the member subscribes to.

Attention to members in a manner guaranteeing that their training level is improved and that care is given to providing them with an education, in the context of the principle of cooperative training and education.

Enabling cooperatives to establish relations among themselves in various economic, social or cooperative areas on the nationwide or international levels, in the framework of the principle of reciprocal cooperation.

This stipulation is distinguished by comprehensiveness, because the draft of the general charter on cooperatives is described as being the unifying, comprehensive legal framework for the Moroccan cooperative movement, unifying guidelines for giving permits, methods of operation and means for running cooperative institutions. It is comprehensive because its application extends to all human activities; consequently, cooperatives may be established in various areas without any need for special stipulations, as is the case at the present time.

Compulsory Requirements for Protecting the Expression 'Cooperative'

One of the advantages of the general charter of cooperatives is that it includes compulsory requirements which protect the use of the expression "cooperative" by restricting its use to organizations that have permits based on these provisions. It has stipulated a penalty for the violation of this requirement.

The draft general charter gives cooperatives the right to manage their affairs by themselves and to ask the help of the departments concerned. In exchange, it stipulates that the cooperatives and their federations are to be subjected to surveillance for the proper application of the requirements stated in this stipulation, especially on the part of operating agencies. It also creates financial surveillance in the case of organizations that obtain loans by government guarantee. The Cooperative Development Bureau has also been given the power to investigate the enforcement of legal requirements.

Tax Exemptions

In the requirements bearing on tax exemptions, we find that these are not unified, are unclear and are scattered about at random in the framework of the cooperative laws that are in effect. We find some of them in the law regulating the sector, others in the laws on investment, and the rest in numerous ministerial decrees.

Therefore the charter specifies the requirements related to specific, clear taxes, addresses itself to direct taxes, and exempts cooperatives from the professional tax (the "patenta"), the professional profits tax and the residence tax. It also exempts profits allocated to shares from the collection of duties. It then addresses itself to indirect taxes, exempting cooperatives from taxes on products. In addition, sales activities that the agricultural, traditional industry, mining, and marine fishermen's cooperatives carry out are exempted, not to mention construction activities which residential cooperatives carry out, as well as activities performed by consumer cooperatives.

Activities the cooperatives carry out are also exempted from the tax on services.

The Creation of a Structure for the Cooperative Movement

The text also includes a general benefit, which is the creation of a structure for the Moroccan cooperative movement; the general charter has opened the way for the Moroccan cooperative movement and has given it a new breather, by creating a structure which enables it, through the necessary components, to play its true role in full in the process of the economic and social development of our country.

Thus it permits the establishment of federations in all sectors among cooperatives with similar objectives, so that they will be able to run their joint affairs by themselves.

Areas of Competence of the National League of Cooperatives

In addition, it has permitted the creation of a national league of cooperatives in which existing federations can enroll. Among the most important areas of competence of this league are:

The revival and development of the cooperative movement and the ceaseless effort to apply cooperative principles and settle disputes that might occur.

The guarantee and maintenance of the material and moral interests of cooperatives and federations, and facilitation of the organization of their management by providing them advice and guidance and putting experts at their disposal.

Providing representation for the national cooperative movement inside and outside Morocco, encouraging reciprocal cooperation and establishing rapport

between Moroccan and foreign cooperatives and cooperative federations. It is worth pointing out here that this stipulation permits the holding of general assemblies of branches of cooperatives. This measure may perhaps enhance the possibility of holding an annual general assembly for cooperatives which have a large number of members distributed among branches that are remote from one another, so that these cooperatives' annual general assemblies will consist of all the representatives of these branches who possess full authority to represent the other cooperative members.

As regards guidelines on the provision of permits for cooperatives, the general charter stresses that cooperatives are to send permits on the intent to establish themselves to the department and the Cooperative Development Bureau.

It also compels charter members to send invitations 2 weeks before the meeting is held to the competent government authorities, the local authorities and the Cooperative Development Bureau.

The members of the cooperatives' boards of directors must send a request for a permit accompanied by the charter, the minutes, the list of subscribers and a certificate of deposit of capital to the Cooperative Development Board within 30 days following the date of the charter meeting.

It is worth noting that in order to avoid the harm that might occur to an existing cooperative organization through the establishment of another cooperative in the same geographical area, and in the desire to give the cooperative project to be established a greater chance, the management has been given the right to confirm that no such harm exists (Section 11) and that the project is feasible, by having it carry out an advance study in that area, a summary of which is to be prepared during the discussion of the permit application.

This stipulation also compels the Cooperative Development Board to submit a receipt establishing that these documents have been deposited with it. Within 60 days of the submission of the receipt, it will submit the permit application to the government authorities in charge of planning for discussion after the permanent consultative committee has met.

The establishment of the cooperative will be final after its decree is issued in AL-JARIDAH AL-RASMIYAH. In the event its application is rejected, the decree will be conveyed, with reasons, to the board of directors of the cooperative that has been rejected.

Regarding liability within the cooperative, the general charter explains this point, defining the liability of the members and administrators, the liability of the account auditors and the liability of the cooperatives that belong to the board of the federation.

As far as the liability of the members of the cooperative goes, the stipulation specifies that that is not to exceed the allotted sums that they have subscribed. However, that can amount to five times the sum of the shares subscribed if the charter so stipulates.

As regards the individual or joint liability of the administrators, that will be met in accordance with the requirements of ordinary law regarding all the errors they commit, in administering the cooperative, against it or other bodies. They, that is the administrators, will also be personally liable in the event this law and other statutes are violated, in accordance with ordinary law.

As regards the liability of account auditors, that is defined in accordance with the general rules governing power of attorney as stipulated in Part Six of Volume Two of the Moroccan Law on Commitments and Contracts.

In addition, the cooperatives that belong to the board of directors of the federation will be individually or jointly liable toward the federation or other bodies for the mistakes committed by the management of the federation, on the part of agents who have been assigned to represent it on the board of directors. These agents will for their part be liable to the cooperative they represent in accordance with the regulations on the power of attorney.

Moreover, these agents will be personally liable in accordance with ordinary law, and the penalties stipulated in the general charter will be imposed upon them in the event this law or the provisions bearing on its enforcement or the charter are violated, for the damage resulting from this violation, or in the event of the utterance of false statements related to the charter, bylaws, or names and capacities of the administrators or manager.

Broader Powers for the Cooperative Development Bureau

While this draft was set out primarily to regulate the Moroccan cooperative movement, the Cooperative Development Bureau, as an agency that closely monitors the proper course of this movement, must be granted broader powers in order to keep abrest of the legal development that this text has brought about; in consideration of that, the Cooperative Development Bureau, proceeding from the stipulations of this draft, is now able to perform the following tasks, in addition to the areas of specialization assigned to it:

Financing promotion and training campaigns.
Helping to carry out social projects of benefit to the cooperatives.

Closely observing and ascertaining whether the cooperative is functioning in accordance with legislative and organizational decrees and is confining itself to their stipulations. On this basis, it is possible to withdraw the permits of cooperatives that have deviated from the cooperative legislation in effect.

There is an instance in which the surveillance assumes a special character, namely that of cooperatives that benefit from loans offered with a government guarantee, where, if the Cooperative Development Bureau observes that the people in the administration are not competent, it can dissolve the board of directors and replace it with a temporary administrative committee containing representatives of the bureau and representatives of the cooperative appointed by the general assembly.

This committee will be assigned to manage the cooperative for a period of 2 years, until its condition improves; if that does not occur in this period, the permit may be withdrawn from the cooperative.

Thus it is evident that the draft that is in front of you regulates the oversight to which the cooperatives are subject and goes beyond the defects that have been noted in this field in the current legal context. Since we intend to talk about the tasks assigned to the Cooperative Development Bureau, we consider that it is necessary to point out that the stage of arbitration between cooperatives before this bureau will, in accordance with this draft, become binding before the litigants resort to the court. This measure will play an important part in ruling on a number of litigations that the pursuit of judiciary guidelines might make more complicated and consequently, by this method, it will be possible to reduce the burden on the courts.

Since this method of arbitration has met with great success in application from the earliest times in various professions, since all participating parties are bound to the decrees of the secretary, we do not doubt that the genuineness of this principle will have the greatest effect in the attainment of the goals intended of it in the cooperative sector.

The Training of Cooperative Personnel

An important point that embodies the social and educational dimension of cooperatives is that the effects of the principle of cooperative training and education are widely reflected in an important number of sections, since, alongside the training the Cooperative Development Bureau will carry out, it has become obligatory that a fund be established within the cooperatives which will take a sum of the annual surplus from the reserves that are deposited with it to be spent in areas which will contribute to the education and training of members and the raising of their intellectual level, in addition to their contributions in the economic context.

The league which is expected to be formed out of cooperative federations will have among its numerous objectives the service of the social interests of cooperative members and the effort to bring them to the level of the responsibilities that are delegated to them.

The Draft Represents an Incentive To Create Institutions Supporting the Cooperative Movement

This draft will infuse new blood in the Cooperative Development Bureau and will provide it with broader areas of specialization. This is one of the major achievements which require additional forms of support, among them the notion of setting out a law for cooperative investments which will consolidate the government's efforts to establish cooperatives in the investment field and will clarify them in a way which it will be possible to evaluate the results of this activity. It is also expected that a higher cooperative council will be created whose advice the government will seek when adopting measures regarding this sector. In addition to representatives of the competent departments, it will include representatives of all types of cooperatives that exist

in our country among its members. By means of this agency, we will be able to define the tasks of the cooperative movement and the degree of its participation in the performance of the development programs that the government is planning for.

In the area of training and information, the need to establish a cooperative training institute will arise in an insistent fashion with the issuance of this law.

Concomitant with all these measures, which will follow the genesis of the draft, it is intended that other organizational measures to strengthen the Cooperative Development Bureau, the government agency that has major responsibility in closely monitoring the application of the provisions of this draft, will be taken. It is worth pointing out here that the fact that this bureau has been put under the jurisdiction of the Ministry of Planning may be attributed primarily to the maximum importance the government gives to the cooperative movement and its unquestioned desire to give it the role for which it is suited in the economic and social development plans. In addition, the consolidation of the power to grant permits to cooperatives, putting that in the hand of the government authority that is assigned planning, is considered an important measure which is causing the government to look upon cooperatives as a movement with integrated features, not just in the local context but also in the context of experiments and interaction among its various sectors.

11887 CSO: 4504/195

# INVESTMENTS CODE PROVISIONS REPORTED

Casablanca MAROC SOIR in French 29 Dec 82 p 2

Article: "Industry: Law Establishing Investments Code"

Text? General Provisions

## Article 1:

Industrial enterprises, enterprises of an industrial nature and industryrelated service enterprises that fulfil the conditions below shall have the benefits provided for by this law.

## Article 2:

"Industrial enterprise" and "enterprise of an industrial nature" or "industry-related service enterprise" within the meaning of this law shall mean the following:

- "Industrial enterprise" -- any enterprise using durable goods for the purpose of manufacturing finished or semi-finished goods and whose investment program includes producer goods with a minimum value of 100,000 dirhams excluding tax.
- "Enterprise of an industrial nature" or "industry-related service enterprise"-ny enterprise the operations of which are carried out in activity working
  firectly or indirectly toward the realization of the objectives of national
  industrial development. The government shall determine the list of sectors
  in which the activity of those enterprises is to be carried out and shall
  determine the minimum investments they must make in order for them to benefit
  from the provisions of this law.

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## Article 3:

When enterprises referred to in Article 2 above

- at the time of their establishment have a durable goods investment program amounting to a maximum of 5 million dirhams and not exceeding 70,000 dirhams per permanent job, or
- at the time of expansion have a durable goods investment program the sum of which increases their initial value of gross fixed assets in durable goods by no more than a total of 5 million dirhams and a total durable goods investment cost not exceeding 70,000 dirhams per permanent job, they shall be considered "small and medium-sized industrial undertakings" within the meaning of and for purposes of the application of this law.

## Article 4:

Within the meaning of this law, by "permanent job" is meant the creation of any job giving rise to the hiring of a wage-earner for a period of at least 12 consecutive months.

## Article 5:

The benefits provided for by this law shall be granted to enterprises referred to in Articles 2 and 3 above on the condition that their investment programs are registered with the government, which shall ascertain that the nature of the enterprise, its activity, and the amount of planned investment are in conformity with the provisions of this law.

The investment program must be realized within the 24 months following the month in which the government has given notice of a visa [certificate] of conformity.

However, the government can grant longer deadlines in consideration of the -ize of an investment or in the event of unforeseeable occurrence or force majeure.

At the expiration of the deadlines fixed as per the foregoing, the unrealized portions of investment programs shall no longer have the benefits provided for by this law. An enterprise's having obtained a visa of conformity does not exempt that enterprise from government authorizations that may be required in accordance with legislation or regulations in effect.

# Article ::

Enterprises referred to in Article 2 whose investment programs are greater than 50 million dirhams can request to conclude an agreement with the state

in order to obtain benefits supplementary to those from which said enterprises can benefit under the application of this law.

Enterprises referred to in Articles 2 and 3 above and which propose to carry out or expand their activity in the sectors defined by the government or propose to establish themselves in one of the following provinces—Boulemane, Chaouen, Ifrane, Khenifra, Ouarzazate, Taroudant—can have some or all f this law's benefits only in the context of an agreement to be concluded with the state. By such agreements the state can undertake to provide, in terms of honoring legislative provisions in effect, benefits supplementary to those provided by this law.

Those agreements shall define, among other things, the technical and economic requirements for realizing and making the most of the planned investment.

Regarding those enterprises that propose to establish themselves in one of the provinces referred to in the second paragraph of this article, the state shall submit the draft agreement relating to such an enterprise's planned investment to the enterprise concerned within a period of 2 months from the date of registration of the planned investment program.

# Article 7:

For purposes of implementing this law the territory of the kingdom shall be divided into four zones according to levels of regional industrial development and industrial development promotion objectives:

Zone I: The prefecture of Casablanca

Zone II: The prefectures of

- Hay Mohammadi Ain Sebaa,
- Ben M'sik Sidi Othman,
- Ain-Chek Hay Hassani,
- Mohammedia Zenata,

and the province of Ben Slimane

Zone III: The prefecture of Rabat-Sale; and the provinces of Agadir, Fez, Kenitra, Marrakesh, Meknes, Safi, Tangier and Tetouan

Zone IV: The provinces of Al Hoceima, Azilal, Beni-Mellal, Boujdour, Boulemane, Chaouen, El Jadida, El Kelaa des Sraghna, Errachidia, Essaouira, Smara, Figuig, Guelmim, Ifrane, Khenifra, Khemisset, Khouribga, Laayoune, Nador, Ouarzazate, Oued El Dahab, Oujda, Settat, Sidi Kacem, Tan-Tan, Taounate, Taroudante, Tata, taza and Tiznit

The government can adjust this division of the list of provinces and prefectures included in the above zones in accordance with changes occurring in the administrative division of the kingdom.

Provisions Relating to Liability for Import Duties, Special Tax, and Goods Tax

# Article 5:

- Enterprises referred to in Articles 2 and 3 above--on the occasion of their establishment and their expansion in Zones III and IV--,
- Enterprises of the abovementioned category--on the occasion of their expansion in Zones I and II--, and
- Small and medium-sized industrial undertakings--on the occasion of their establishment or their expansion in Zones II, III, and IV--shall have the direct benefit or the indirect benefit via the intermediary of a leasing enterprise of being exempted from import duties on imported equipment, tools, and durable goods.

Small and medium-sized industrial undertakings located in Zones II, III and IV shall have the benefit of that same exemption for renewal of their equipment, tools, and durable goods during the first 10 years following the date of the official bulletin in which this law will be published.

Contracting and subcontracting parties in connection with the enterprises and small and medium-sized industrial undertakings referred to in these articles shall have the benefit of that same exemption for the purpose of carrying out the investment programs of those enterprises and undertakings.

However, equipment, tools and durable goods referred to in this article's first paragraph are excluded from benefiting from that exemption when such equipment, tools and durable goods are manufactured domestically or can be manufactured domestically on terms acceptable with respect to the national economy or the utilization of which is not in conformity with the objectives of industrial development. The government shall determine the list of such equipment, tools, and durable goods.

## Article ":

Enterprises referred to in Articles 2 and 3 above and which export all or part of their production—whatever their site—shall have the benefit of being reimbursed the amount of special tax and, should the case arise, the amount of import duty they shall have paid at the time of their import of equipment, tools, and durable goods that are in a program of investment which received a visa of conformity or was the subject of an investment agreement.

These reimbursements shall be made annually during the 7 years following the notification year for a visa of conformity or for an agreement's entering into force.

These reimbursements shall be made under conditions set by the government in proportion to turnover realized in exporting.

#### Article 10:

Exemptions and reimbursements provided for in Articles 8 and 9 above also apply to various imported goods and products entering into the domestic manufacture of equipment, tools and durable goods part or all of which are in a program of investment which received a visa of conformity or was the subject of an investment agreement.

# Article II:

Import duties that have been levied on imported equipment, tools and durable goods and on various imported goods and products entering into the domestic manufacture of equipment, tools and durable goods part or all of which are in a program of investment that was the subject of an investment agreement shall be reimbursed under conditions set by the government.

## Article 12:

Equipment, tools and durable goods having benefited from the regulations set up by this section cannot be transferred or conveyed or be used in other ways than the ones for which they were imported for a period of 5 years without express authorization of the government.

That authorization can be granted when the anticipated transfer, conveyance or use is likely to promote a zone's industrial development or in the event of force majeure.

During the period referred to in this article's first paragraph, checks by agents referred to in Article 14 below can be carried out in enterprises that have benefited from exemption.

# Article 13:

Equipment, tools and durable goods imported or acquired domestically, directly by enterprises referred to in Articles 2 and 3 above or via a leasing enterprise, shall be exempted from the goods tax instituted by Decree No 1-61-444 of 22 Rajet 13-1 (30 December 1991).

Enterprises which have paid goods tax at the time of importing or acquisition of equipment, tools and durable goods exempted in accordance with the previous paragraph shall be entitled to reimbursement of the sum of the tax paid under conditions set by the government.

# Article 14:

Any violation of the provisions of this section and any scheming that may result or has resulted in unwarranted exemptions such as a false declaration—relating to, among other things, the amount, characteristics and purpose of exempted equipment—, falsification of supporting documents, and trafficking in or diversion of equipment shall be prosecuted as infractions in the customs duties area and shall be punishable by a fine equal to five times the exempted sum.

Accessories shall be liable to the same penalties as principal perpetrators.

In addition, the loss on either a temporary or permanent basis of entitlement to exemptions provided by this section can be ordered by the government.

The certification of violations shall be carried out by Customs and Indirect Tax Administration agents and, should the need arise, by specially commissioned agents for that purpose in accordance with their appropriate procedures.

Fines shall all be in the nature of civil damages.

The proceeds from fines shall be distributed as in the customs duties area.

Provisions Relating to Registration and Stamp Fees

# Article 15:

Having the benefits provided for by this section shall be enterprises referred to in Article 2 above which for the purpose of realizing their investment programs are set up in Zones III and IV as well as small and medium-sized industrial undertakings which for the purpose of realizing their investment programs are set up in Zones II, III and IV.

Having those same benefits shall be enterprises and small and medium-sized industrial undertakings in existence on the date of this law's publication as well as enterprises and small and medium-sized industrial undertakings referred to in the first paragraph of this article—whatever their site—when they carry out their expansion with a view to realizing an investment program deemed to be in conformity.

# Article 16:

The basic ad valorem fee on invested capital shall be set at 0.50 percent for initial capital investment and increases in capital investment.

The reduction in the capital fee provided for by the preceding paragraph shall rule out the reduction in Article 93 Paragraph 3 of the Registration Code but shall entail exemption from the surcharge provided for by Paragraph 2 of the aforementioned Article 93 and exemption from transfer fees relating to taking over liabilities should they be occasioned.

# Article 17:

On the occasion of initial capital investment being made or increases in capital investment being made to enterprises referred to in Article 15 above, such enterprises shall be exempted from the ad valorem stamp fee applicable to those shares according to Article 5 of the Stamp Code.

## Article 18:

Acquisitions for a consideration by enterprises referred to in Article 15 above of land intended for the purpose of realizing an investment program entitled to the benefits of this law shall be exempted from registration fees provided for in Article 96 Paragraph 1 of the Registration Code.

That exemption shall be obtained only under the following conditions:

- a) The acquisition deed of the land must indicate the land's assigned purpose and must include a commitment by the enterprise that the land will be utilized for that assigned purpose within a period of 24 months maximum from the date of its registration. That period may be extended by the government in case of force majeure.
- b) As a guarantee of payment of basic fees and, should they be occasioned, penalties which may be required in the event the land shall not be utilized for that assigned purpose within the allowed deadline, the enterprise must grant the state a first mortgage or, failing that, a second mortgage on the acquired land, next after a mortgage granted to registered loan institutions, in the acquisition deed or in a deed annexed thereto.

Cancellation of that state mortgage will only be provided by the receiver of registry fees with competent jurisdiction on proof that the land is being utilized for the assigned purpose for which it was acquired; in the event the land is not being utilized for that assigned purpose, registration fees plus the penalties provided for by Article 96/4 B 11 D of the Registration Code shall become payable.

The mortgage title provided for above as well as the cancellation of said mortgage that shall be provided shall be exempted from registration fees and from fees for registered listing in land registers.

Provisions Relating to Rebating Payment On Occupational Profits

## Article 19:

Total exemption from tax on occupational profits as per the regulations of Decree No 1-59-430 of 1 Rajeb 1379 (31 December 1959) shall be granted for the first 10 consecutive years to new enterprises setting up in Zone IV.

A reduction of 50 percent of said tax shall be granted for the same period of time to new enterprises which set up in Zone III.

When the enterprises referred to in the two preceding paragraphs carry out an expansion of their activity during the aforementioned 10-year period within the framework of an investment program, the profits yielded by that expansion shall also benefit within the limits of said time period from the respective exemption from or reduction of tax on occupational profits provided for in this article's first two paragraphs.

# Article 20:

As a departure from the provisions of Article 5 above, industry-related service enterprises referred to in Article 2 above--whatever their site and establishment date--shall benefit from total exemption from the tax on occupational profits during the first 10 consecutive years starting from the beginning of the fiscal year following the publication date of this law.

#### Article 21:

The enterprises referred to in this section shall not be exempted from the obligations and checks provided for in the aforementioned Decree No 1-59-430 of 1 Rajeb 1379 (31 December 1959).

Provisions Relating to Creation of Reserve for Investment

#### Article 22:

Enterprises defined in Articles 2 and 3 above which are set up in any of the four zones are authorized on a tax-free basis to create a reserve for carrying out immediate programs of industrial investment or investment of an industrial nature that has received a visa of conformity. The same enterprises may, as a departure from the provisions of Article 5 above, create the reserve provided for in the preceding paragraph for capital participation in industrial enterprises or enterprises of an industrial nature established in Zones III and IV for the purpose of realizing an investment program that has received a visa of conformity.

This reserve cannot on an annual basis exceed 20 percent of the profit resulting from operating accounts referred to in Article 23 of the aforementioned Decree No 1-59-430 of 1 Rajeb 1379 (31 December 1959) which makes up said reserve.

The reserve shall be listed under liabilities on the balance sheet, under a special heading that shows the sum of each contribution by fiscal year.

## Article 23:

The reserve built up at the close of each fiscal year must be utilized for one of the uses provided for in the foregoing Article 22 before the expiration of the 3rd year following the year of its having been built up, provided that the sum utilized does not exceed 30 percent of the total value of the investment program.

When the reserve is used for a subscription to another enterprise's capital in accordance with the second paragraph of the foregoing Article 22, the chares delivered in return for assets contributed must take the form of registered certificates and must be kept in the investing enterprise's assets for a minimum of 5 years.

#### Article 24:

Reserves built up as per implementation of this law shall be governed by the provisions of Article 9 Paragraph 5 of the aforementioned Decree No 1-59-430 of 1 Rajeb 1379 (31 December 1959).

That portion of the reserve which is recognized by the government as having in actuality been utilized within the prescribed time period for one of the uses provided for may be transferred to a regular reserves account without being taxed.

However, that portion of the reserve not utilized within the prescribed time period must within that fiscal year be put back under the heading from which it had been drawn to make up the reserve.

The enterprise must make a declaration in that regard to the government by registered letter with acknowledgement of receipt no later than the 4th year following the year that said reserve was created.

The additional tax payable in this case shall be in addition to the penalty provided for in Article 46 Paragraphs 1 and 2 of the aforementioned Decree No 1-59-430 of 1 Rajeb 1379 (31 December 1959).

In the event of failure to make a declaration or of a false declaration, the penalty payable shall be that provided for in the first paragraph of the aforementioned Article 46.

Provisions Relating to License Tax

New enterprises which set up in Zones II and IV as well as small and mediumsized industrial undertakings which set up in Zones II and III shall have the benefit of total exemption from license tax during the first 5 consecutive years of their operation.

Provisions Relating to Interest Rebate

#### Article 26:

The enterprises referred to in Articles 2 and 3 above that are set up in Zones II, III and IV shall benefit from a rebate of two percentage points deducted directly from the rate of interest that was to be paid on loans granted them for financing their investment program by credit institutions approved for that purpose by the government.

On behalf of those enterprises referred to in the above paragraph, leasing enterprises shall have the benefit of the same interest rebate on loans granted to them by the aforementioned credit institutions for the financing of equipment, tools, and durable goods the acquisition of which is the object of investment programs.

The cost burden of that rebate shall be borne by the state and the rebate shall be granted under conditions set by the government.

Provisions Relating to the Subsidy for the Creation of Jobs By Small and Medium-Sized Industrial Undertakings

# Article 27:

Small and medium-sized industrial undertakings shall benefit from a subsidy for the creation of jobs.

That subsidy shall be allocated for each permanent job created during the first 4 consecutive years that follow the notification date for an investment program's visa of conformity.

In no case can the subsidy be allocated for the replacement of a wage-earner.

This subsidy's cost shall be borne by the state and it shall be set at 5,000 dirhams per permanent job created.

This subsidy shall be paid under conditions set by the government.

This subsidy shall be listed in a specific account under the heading "Subsidy for Creation of Permanent Jobs" and it shall count among balance sheet liabilities during the 5 years following the date it is paid.

## Article 25:

When the subsidy provided for in this section has been wrongfully received as a result of scheming such as false declaration with respect to term of employment and numbers employed or falsification of supporting documents, the government shall order the repayment of the amount of the subsidy as well as the payment of a sum equal to twice that amount.

Provisions Relating to Lands Intended for Industrial Installation

## Article 200

In Zones III and IV the state shall assume a portion of the cost burden for and assigned by enterprises referred to in Articles 2 and 3 above for the purpose of realizing an industrial program that has received a visa of conformity, when that land is situated in an industrial zone approved by the government and under conditions set by the government.

The state's cost assumption shall be carried out according to the following proportion.

- 25 percent of the cost when the investment program results in the creation of 30 to 99 permanent jobs;
- 30 percent of the cost when the investment program results in the creation of 100 to 200 permanent jobs;
- 40 percent of the cost when the investment program results in the creation of 201 to 400 permanent jobs; and,
- 50 percent of the cost when the investment program results in the creation of more than 400 permanent jobs.

The number of jobs to be considered as permanent jobs created shall be the number of permanent jobs created, excluding hiring of any kind of replacements, during the first 4 years following the notification date of an investment program's visa of conformity.

In Zone IV the state shall assume 50 percent of the cost of land without any condition as to job creation.

Provisions Relating to the Regulation of Foreign Exchange Transactions

## Article 30:

Transfer of after-tax profits distributed to non-residents shall be guaranteed with no limitation on amount or duration.

# Article 31:

When the investment is made by a foreigner, retransfer of currency proceeds for transfer shall be guaranteed for:

- assignment of assets carried out by transfer of convertible currencies to the Bank of Morocco;
- assignment carried out by "capital" account start-up and invested for a minimum of 5 years; and,
- net profits on transfer.

Provisions Relating to Enterprises Realizing Water or Energy Economies or Preserving the Environment

## Article 32:

Equipment, tools, and durable goods shall be exempted from import duties and goods tax that are specifically intended to realize water or energy economies, to use domestic energy resources other than petroleum-derived ones, or for environmental preservation purposes, when they are imported or acquired domestically by enterprises—new ones or ones in existence at the time of this law's publication—referred to in Articles 2 and 3 above.

In order to have the benefit of those exemptions, said equipment, tools, and durable goods must be involved in an investment program that has received a visa of conformity.

# Article 33:

Enterprises referred to in Articles 2 and 3 above may, subject to their concluding an agreement with the state, benefit from an equipment subsidy,

over and above other benefits provided for by this law, and the cost of which shall be borne by the state, when the investment program of those enterprises includes equipment specifically intended to realize water or energy economies or to use domestic energy resources other than petroleum-derived ones, or for environmental preservation purposes.

Miscellaneous Provisions

## Article 34:

When an enterprise engages in separate activities in one or more zones, each category of activity shall be considered separately, in accordance with its type and the zone where it is being carried out, for the purpose of allocation of benefits provided for by this law.

# Article 35:

When an investment program of an enterprise referred to in Articles 2 and 3 above is not being carried out in conformity with its objective, the benefits being derived by that enterprise may be taken away by the agency prescribing payment of the duties, taxes and assessments which would have been normally payable.

In regard to interest rebate provided for in Article 26 above, the government shall order repayment of the amount of interest rebate that was granted plus a sum equal to twice that amount.

Collection shall be carried out by the competent agency in accordance with its rules.

# Article 36:

Within three months following the completion of its investment program, an enterprise receiving one or more benefits provided for by this law must send the government a report concerning the completion of said program.

If the completion period provided for--particularly within the framework of an agreement--exceeds 24 months, an enterprise shall send the report referred to in the preceding paragraph once every 12 months.

# Article 37:

In no case may an investment program obtain a government visa of conformity when it includes acquisition of secondhand equipment, tools, or durable goods, in any form whatever, which have already had benefits provided for

either by Decree No 1-73-413 of 13 Rajeb 1393 (13 August 1973)--which instituted measures for the promotion of industrial investments--or by this law.

# Article 38:

In addition to common law checks, declarations and verifications to which enterprises are subject, in accordance with legislation and regulations applicable to their activities, checks and verifications concerning the conditions for realizing investment programs deriving benefits from this law shall be carried out by agents from the agencies concerned and by agents specially commissioned for that purpose who are empowered to charge infractions of this law.

## Article 39:

Investment protection agreements concluded between the Kingdom of Morocco and parent states of foreign investors—

- the agreement it concluded in connection with the Arab body for guaranteeing investments and its dispute settlement appendage, ratified on 21 Chaabane 1395 (30 August 1975); and
- the agreement it concluded for investment dispute settlement between states and nationals of other states, ratified on 16 Rajeb 1386 (31 October 1966)--shall be applicable, in accordance with the conditions and cases defined by said agreements, to disputes between investors and the government.

# Temporary Provisions

#### Article 40:

This law repeals and supersedes Law-Embodying Decree No 1-73-413 of 13 Rajeb 1393 (13 August 1973) that instituted measures for promoting industrial investments.

# However,

Enterprises whose investment programs derived benefits from the aforementioned Law-Embodying Decree No 1-73-413 of 13 Rajeb 1393 (13 August 1973) shall remain governed by that text in all its provisions until the benefits granted to them have been exhausted.

In the event of extensions, those enterprises may under conditions set by this law derive new benefits provided for by this law other than those referred to in Article 19 above.

Enterprises that have not been returned the agreements they signed or been sent back the investment programs for which they had been given visas of conformity—investment programs registered with the government in accordance with the aforementioned Law-Embodying Decree No 1-73-413 of 13 Rajeb 1393 (13 August 1973)—may, if they fulfil the conditions prescribed by this law, derive the benefits provided for by this law without having to file a new dossier.

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